The NATIONAL UNDERWRITER
Published weekly at 175 W. Jackson Blvd., Chicago 4, Illinois. Second class postage paid at Chicago.
30¢ a copy
$7.50 a Year
December 8, 1961
65th Year, No. 49
The National Weekly Newspaper of Fire and Casualty Insurance

Serious Approach Is The Keynote Of NAIC's Dallas Meet

Full Agenda, Attendance Of 1,500, Heated Debates Features Of Winter Confab

By JOHN BURRIDGE

DALLAS—There have been winter meetings of National Assn. of Insurance Commissioners at which the most eventful item on the agenda was the meeting of the Passe Club, but this year's session had an agenda crammed with matters of import on which some decisions will have to be made. Indicative of the seriousness with which industry looked on this convention was the attendance of 1,500, at least 300 more than expected and enough to bring facilities of the Adolphus Hotel close to breakdown. The lobby was so crowded with industry and its regulators that passage from meeting to meeting was a major effort on Monday when the subcommittees were holding three sessions simultaneously all day long.

Debates, Action, Information

A number of the subcommittee meetings produced heated debate and or constructive action or information. This included the areas of fire and casualty rate regulation; guaranty funds for insolvencies; possibility of reciprocity among states for agent licensing; the catastrophe formula in EC rates; conflict of interest (a subcommittee meeting that set a record for attendance); and cost plus-stop loss-no claim reserve group insurance. The latter was hotly contested among the industry people, with evident high feeling; but all hands seemed agreed and relieved that the temper of the

(CONTINUED ON PAGE 20)

St. Paul And Ala. Insurer To Merge If Proposal OK'd

Directors of Birmingham Fire & Casualty and St. Paul F. & M. have approved in principle a plan for merger. The proposal is subject to approval in detail by the two boards and stockholders of the two insurers and by regulatory authorities.

At 1960 year end, Birmingham had assets of $6.7 million, surplus of $3.9 million, and written premiums of $2.6 million. H. G. Seibels is chairman and H. K. Seibels president.

Great Central Of Peoria Declares Stock Dividend

Great Central Ins. Co. of Peoria is in the process of declaring a 50% stock dividend. This will increase capital to $1.5 million. At the same time the authorized capital will be increased to $3 million.

B. P. McMackin Becomes Editor Of F.C.&S. Bulletins Service

B. P. McMackin Jr.

Bernard P. McMackin Jr., has been appointed editor of the Fire, Casualty & Surety Bulletins of the National Underwriter Co. He succeeds James C. O'Connor, who has become editorial director of the company.

A native of Brockway, Pa., where his father, B. P. McMackin Sr., is an agent, Mr. McMackin has been with the Fire, Casualty & Surety Bulletins since 1951, starting as assistant editor and becoming associate editor in 1959. He started his insurance work in the home office of Home of New York in 1941. After military service in Europe he entered St. Bonaventure University, graduating in 1949. He then returned to Home and rose to metropolitan special agent before going to Cincinnati with the National Underwriter Co.

Mr. McMackin's work on the Fire, Casualty & Surety Bulletins and allied publications of the National Underwriter Co. has won him national recognition as a versatile editor, well informed on all fire and casualty coverages. He is particularly well known as an authority on homeowners and other dwelling forms and more recently on broad forms and package policies for business risks. For the past six years, he has taught property and liability insurance courses at the evening college of University of Cincinnati and he has made many appearances as a speaker at insurance meetings.

Mr. McMackin is only the third editor of the Fire Casualty & Surety Bulletins in the 32½ year history of that loose leaf service. It was started in June, 1929, with C. R. Hebble as editor and Mr. O'Connor took over in December, 1933, after Mr. Hebble's death.

Court Holds vs U.S. In Crash Involving Natl. Guard Plane

The federal district court at Washington, D. C., has found against the federal government in several cases involving the midair collision and crash of a Capital Airlines Viscount and a government jet T-33 near Brunswick, Md., May 20, 1958. The court awarded $248,000 to the family of one of the pilots of the Viscount and $170,000 to the family of the other.

No Depreciated Value

The court awarded $1,210,000 to Capital Airlines for the Viscount. This was its replacement and not its depreciated value. Here Judge Holtzoff pointed out that although ordinarily the measure of damages is the depreciated value, and that this is the practice in the automobile field, where there is a constant market for used cars, in the case of the Viscount "there was no depreciated airplane of this type on the market at the time of the accident." Thus Capital could not have gone into the open market and bought a second hand airplane of this type. Being paid the depreciated value would not have made Capital whole, the court said.

The court also allowed $6,050 in expenses of Capital personnel assigned to the scene of the accident to participate in the investigation. However, it disallowed claim for $19,001 for allocation of the salaries of personnel concerned with the investigation and

(CONTINUED ON PAGE 20)

National Bureau In Countrywide Auto Cancellation Curb

National Bureau is filing with the insurance departments of all states, except Louisiana, Massachusetts, North Carolina, Tennessee and Texas, a proposal to place voluntary restrictions on member companies' right to cancel auto liability policies on private passenger car. The new rule would apply to policies written to be effective on and after March 1, 1962.

In Massachusetts, North Carolina and Texas, the program will be submitted to local rating offices. Later filings are contemplated for Louisiana and Tennessee. Maryland has approved this program, effective Jan. 1, 1962 and New York has a similar program.

Need Specific Reasons

Under the proposal, unless a company issues cancellation notice to new insured within 60 days after effective date, it may cancel only for specified reasons. The stipulated period permits investigation and verifications and enables motorists to obtain immediate coverage, subject to subsequent underwriting decision, the bureau said.

When a company has renewed a policy, it can only be cancelled for

(CONTINUED ON PAGE 20)

Wide Difference In Views On Proposed N.Y. Law Changes

Alterations In Aggrieved Party, Deviation Sections Attract Most Attention

NEW YORK—The diversity that exists today in the business was well illustrated at a hearing conducted by the department here on its proposals to amend the rating law. The proposed changes would redefine aggrieved party with the intent of substantially eliminating a rating bureau from such status, consolidate and bring into agreement the fire and casualty sections, and change the present one-year term for deviations to a term approved by the superintendent.

Alford Conducts Hearing

Newell Alford, deputy, conducted the hearing. Those who testified included C. Joseph Danahy, counsel New York State Assn. of Insurance Agents and Greater New York Brokers Assn.; Robert N. Gilmore Jr., general counsel Assn. of Casualty & Surety Companies; J. Raymond Berry, general counsel National Board; John R. Barry, president Corroon & Reynolds; Alfred J. Bohlinger, counsel National Assn. of Independent Insurers; George Ort, manager Insurance Brokers Assn. of New York State; William V. Fox Jr., New York manager American Mutual Insurance Alliance; Bertram C. Dedman, assistant counsel North America, and John C. Weghorn, New York City agent, representing National Assn. of Casualty & Surety Agents.

Mr. Berry and Mr. Gilmore presented a joint statement. Otherwise, the views on the proposed changes and rate regulation disagreed somewhat or considerably.

The producers he represents oppose any changes in the rating law, Mr. Danahy said. Furthermore, producers should be spelled out in the law as having the status of aggrieved parties. On all filings, the superintendent should make a finding to show how he reached his conclusions. For example,

(CONTINUED ON PAGE 25)

Herbert P. Stellwagen, executive vice-president of North America, presents certificates to honor graduates of the group's school for agents. The young men are from left, Richard H. Jordan, Bluffton, O.; Richard A. Hook, Levittown, N.J., and Donald C. Kustes, Westbury, N. Y. Among the 27 graduates this year were five students from Canada, South America and Switzerland.

XUM

Travelers Experimenting With All Lines Training For Local Agents

Why Travelers is aiding young men to get into insurance marketing as independent agents was outlined by George P. Hinckley, agency superintendent of the company's life and A&S department, in a talk to Monroe County (N.Y.) Insurance Agents Assn. at Rochester. He also explained in detail how the company is doing this.

At the same time he disclosed that the group has set up a sales office in Holmdel, N. J., to train new local independent agents to produce a balanced book of business—life and A&S and fire-casualty—from the beginning of their career. This is a three year program for the trainees, and is in joint charge of a life and health man and a fire-casualty man from the company.

When the life insurance giants get into the fire-casualty business—and Mr. Hinckley regards this as having better than an even chance of happening—agents will have difficulty even remembering the names of the competitors about whom they are talking today, Mr. Hinckley said.

Answer To Challenge

The only answer to this coming challenge, he believes, is to speed up the recruiting and training of independent agents and the production by such agents of a better balance of business. As for the latter, he suggested that the agency should determine the volume it needs to break even and then set out to get one-third of that amount from sales of life and health insurance.

"This will prove your best friend when cyclical losses next hit the property lines," he said. "It will be your main strength if government moves further into our business as a competitor, and it will gird you for possible future competition from the present life-only giants."

He also urged agents to study direct billing to see how it can be made to work for their benefit. Computers would never be worth buying for billing purposes along. Through a process called simulation, they are capable of projection into the future to give the company alternate choices of action never before possible. By this means as well as the supplying of current information more rapidly, "they should help all of us steer the right course in the years ahead."

200 Agents In Three Years

Three years ago Travelers began opening personal lines agency offices and was accused by some agents of going direct. Today the company has more than 26 such offices with more than 200 independent agents who are young, aggressive solicitors building their own businesses.

Where necessary, Travelers loans them money, which must be repaid. It prepares them for licensing, and it trains them to sell. Many have already left Travelers offices to join established agencies. When an agency finds a man and hires him as a sub-agent, Travelers provides the training, and, where necessary, loans the agency money to facilitate this expansion.

This is not an original idea. It is one borrowed from the life business. Travelers has 70 offices where life insurance is first emphasized, then all line selling. It is proof of poor communications, he said, that when the fire-casualty division of the company emulated the life division, agents expressed concern though they had raised no objection to the life department and its methods.

Strong Agency System Ties

He emphasized that no company like Travelers, aside from strong philosophical ties with the agency system, would forego $1 billion a year in premiums from independent producers to try a salaried salesman system.

It has been said that a leading direct writer got that way because it had controlled agents. But that is not so, Mr. Hinckley said. The real reason for the company's growth has been single product emphasis and market research. After all, the giant life companies grew to their present size through single product emphasis. They, too, are "di-

(CONTINUED ON PAGE 21)

K. C. Agents Seek Uniform Approach To Automation

Uniformity of approach and elimination of duplication of effort in automation are advocated by Insurance Agents Assn. of Kansas City in a resolution adopted by the executive committee Nov. 21. The agents note that NAIA has an operating procedures manual for automated agency accounting, but companies, agencies and bureaus are duplicating the preparation of accounting records, while at the same time the companies are paying the costs of operating stamping bureaus which could readily undertake limited accounting functions for casualty as well as fire.

The resolution recommends that all fire and casualty companies adopt a standard card punching to produce the information common to and used by companies, agencies and bureaus; that the punched cards for fire and casualty business be prepared by the audit or stamping bureaus with copies sent to companies and agents, and that facilities be made available to agents on a standardized basis for processing accounting cards and preparation of agency records.

Reviews Procedures In Establishing, Maintaining Adequate Loss Reserves

Trying to establish accurate or even consistent loss reserves is one of the toughest problems confronting insurers, M. S. Hughey, vice-president Lumbermens Mutual Casualty, told the annual meeting of National Independent Statistical Service in Chicago.

Most companies, he said, would be delighted with a consistent net underwriting profit of 2% to 3%, while any company with a consistent underwriting deficit in the same range would be making strenuous efforts to correct it. Yet almost all insurers would agree that setting an individual company's loss reserves high or low could change the most recent year's ratio by considerably more than the 5 to 6 point swing involved.

Therefore, the status of a company's loss reserve is the major determining factor in deciding whether a 2% un-

(CONTINUED ON PAGE 23)

Phoenix Of London Managerial Changes

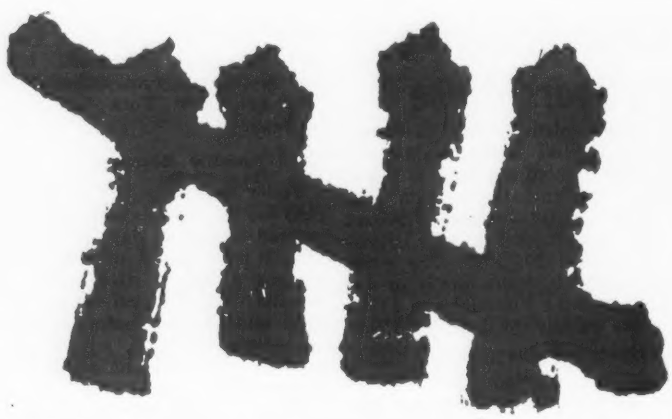
Phoenix of London has named George R. Haines vice-president in charge of the western division. He replaces Robert H. Kitchen, who has been transferred to New York where he will be associated with W. Fred Ballou, executive vice-president, in production activities.

John L. Shaw has been named countrywide manager of the A&S department. The eastern division of this unit remains under Robert W. McGrade. William S. Cooper Jr. has been elevated to assistant manager of the New York metropolitan department.

Started In London

Mr. Haines joined the group at the head office in London in 1924 and was assistant manager in Peru from 1947 to 1955. He was named to the Pacific Coast executive staff in 1956 and became assistant manager there in 1958.

Mr. Shaw has been in the business 25 years. His background includes underwriting, production and managerial assignments with American Surety, Continental-National and London Assurance. Mr. Cooper, with the group since 1944, began in the casualty underwriting department and was advanced to the executive division in 1950. He became superintendent of agencies in 1952, assistant to the executive vice-president in 1958 and assistant secretary in the agency and production unit in 1960.



OVER 5,000 AGENTS IN THE U.S.LAST YEAR PLACED THEIR SURPLUS LINE BUSINESS WITH SAYRE AND TOSO

Recognized for over half a century as one of the nation's leading surplus line organizations, S&T serves thousands of producers both large and small. If you have an unusual problem, just call your nearest Sayre and Toso office.

S&T SAYRE AND TOSO, INC.

W. B. BRANDT & CO., INC.

San Francisco • Los Angeles • Portland • Seattle • Denver • Houston • Kansas City • Chicago • New York

A Member of the Insurance Equities Corporation Group

Surplus Lines & Reinsurance • Substandard and Excess Auto • Ocean Marine • Fire and Inland Marine

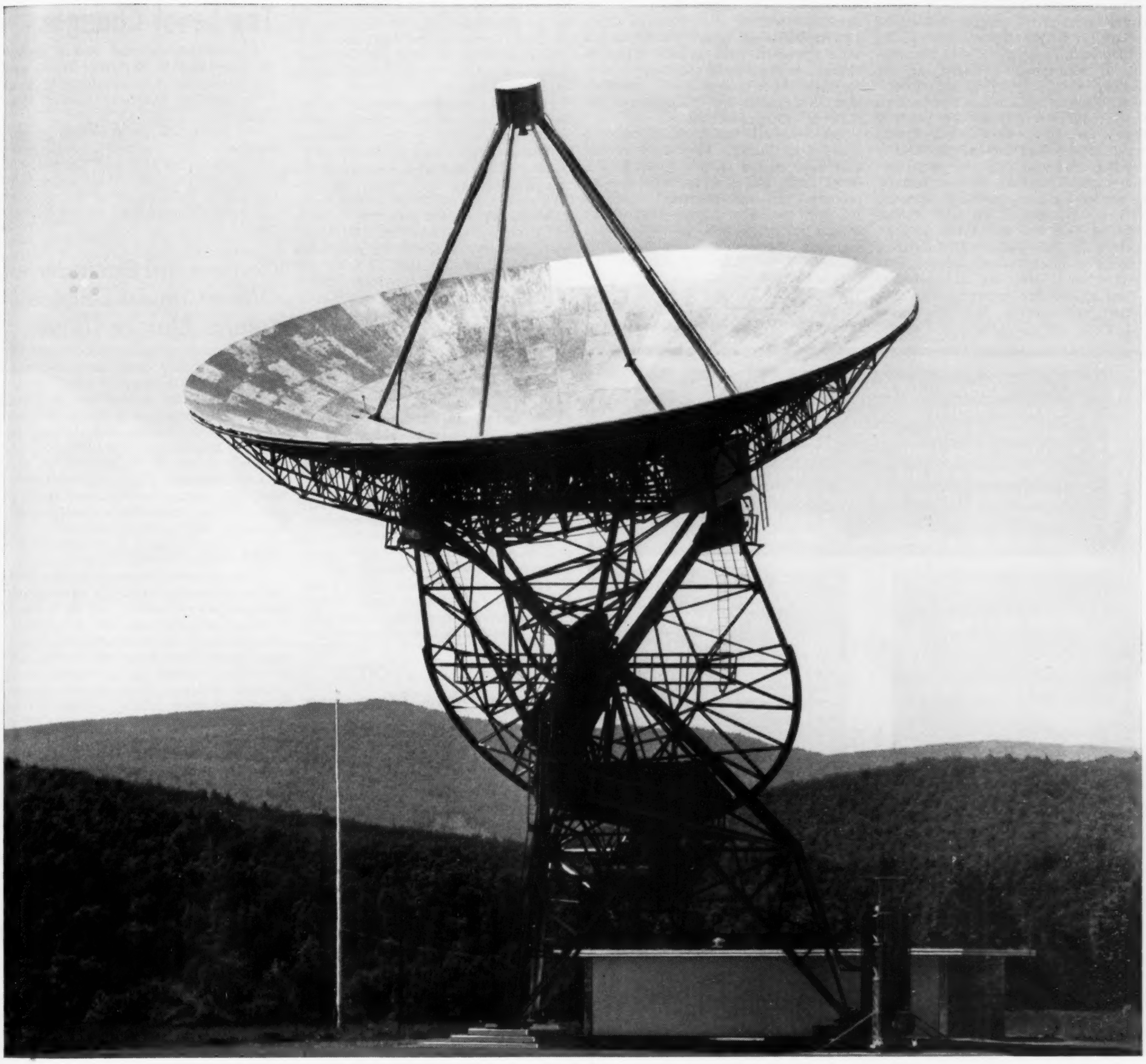
IAC Broadening Award Program For Producers

Insurance Advertising Conference is broadening its awards program for agents and brokers in 1962. For the first time, awards will be made in six individual ad categories as well as for the "complete program" category.

Another new feature is participation of company field representatives who will secure and process producer entries. The field men will obtain samples of 1961 advertising by producers and screen them through their own company ad managers to M. H. Blackburn, Aetna Casualty, chairman of the agents' awards committee of IAC.

The individual categories in which awards will be made are newspaper advertising; direct mail; radio or TV; outdoor; exhibits and displays, and community relations. Producers competing will be divided into those under $100,000 in annual premiums; from $100,000 to $250,000; $250,000 to $500,000, and over $500,000.

Oscars, Oscarettes and certificates will be awarded to winners in various categories and premium divisions. A special Oscarina will go to the company ad director who does the best job in achieving results desired by the awards committee.



Let's build a 60-story skyscraper, with a 7-acre dish on top

Sounds strange, but in effect, that's what the Navy's doing at Sugar Grove, West Virginia.

They're building a 20,000 ton steel tower—higher than a sixty story building. It will support an enormous aluminum reflecting dish twice the length of a football field in diameter. Navy scientists will use this saucer to explore space. They will listen to the radiation signals from many billions of light years away.

National Union Insurance Companies is one of the largest participants in the insurance program at the construction site. This insurance coverage was designed by Independent Agents, typical of the outstanding professionals who represent National Union Insurance Companies.

National Union Insurance Companies
Pittsburgh, Pa.
Casualty and Bond · Fire · Inland Marine · Ocean Marine

Unauthorized Lines Decision Due In June

The unauthorized insurance committee intends to submit something definite to NAIC at the June meeting in Montreal, Chairman Cyrus Magnusson of Minnesota declared at the meeting of his group at this week's NAIC meeting at Dallas. A fourth draft of a model law was in the printing stage when he spoke and was distributed at the last day of the Dallas meeting. Stressing that this is an urgent matter, Mr. Magnusson's committee report included, together with the draft, a summary of the talk of Sen. Dodd of Connecticut at the Zone 4 meeting in Milwaukee. The Senator referred to unauthorized insurance as the possible Achilles' heel of regulation.

Four approaches to unauthorized insurance are possible, Mr. Magnusson said. These are the concept of a strong statute modeled after those of New Jersey, Wisconsin or Florida; an alternative modeled after California; a zone approach with a zone office in charge, or a national approach with a national office under NAIC jurisdiction, much as is the valuation of securities office presently.

The committee will meet again March 8 and 9 at Chicago. By then everyone will have had a chance to study the latest draft, and a report will then be prepared for the Montreal meeting. Industry members having suggestions should write Robert N. Gilmore, chairman of the All-Industry Advisory Committee, at Assn. of Casualty & Surety Companies, 60 John Street, New York 8, and buyers, large or small, wishing to express a point of view, should write Ray Severin, chairman Insurance Consumers Advisory Committee, American Metal Climax Co., 1270 Avenue of the Americas, New York 20. Copies of such letters should go to Mr. Magnusson at his office in St. Paul. Copies of the draft are available from Hugh Tollack, executive secretary of NAIC, at 160 North LaSalle Street, Chicago.

Industry offered unanimous opposition to the idea of setting up guaranty funds to protect policyholders and claimants against loss by reason of an insurer insolvency at a meeting of the subcommittee set up to study this subject, with Charles Walsh of the Pennsylvania department presiding in place of Frank Blackford of Michigan. Statements condemning the plan were offered by National Assn. of Insurance Agents, Corroon & Reynolds, North America, Assn. of Casualty & Surety Companies, National Assn. of Independent Insurers, and American Mutual Insurance Alliance. The latter four had prepared written protests. Jack G. McKenzie added National Board's support to the industry position.

Would Encourage Poor Management

Robert N. Gilmore of Assn. of Casualty & Surety Companies said the fund idea would make the weak company as strong as the strong one and encourage poor management. It is not the moral or legal responsibility of solvent companies to be responsible for the insolvent ones, he declared.

North America's position is that the idea is inconsistent with free enterprise. The states which have funds of this kind have not provided satisfactory

(CONTINUED ON PAGE 8)

PRIMARY COVERAGES IN ILLINOIS

WORKMEN'S COMPENSATION	GARAGE & DEALERS LIAB.
AUTOMOBILES & TRUCKS	LIQUOR LIABILITY
OLT—MFRS. & CONTRACTORS	MALPRACTICE LIABILITY
COMPREHENSIVE GEN'L. LIAB.	BEAUTY SHOP LIABILITY
COMPREHENSIVE PERSONAL LIAB.	BURGLARY
PRODUCTS LIABILITY	PLATE GLASS-50/50

★ Special Retros on Large W.C.-Liab.-Fleets, Etc.

EXCESS LIABILITY

All 3rd Party Liability Including Excess Above Assigned Risk Auto Limits to 100,000/300,000/100,000.

SURPLUS LINES

OUTSIDE ILLINOIS — Through Licensed Surplus Lines Agents in Those States And Territories Which Permit Non-Admitted Carriers To Write Liability Coverages.

NOW WRITING FIRE AND INLAND MARINE
AT BOARD RATES IN ILLINOIS • • • •
AND SURPLUS FIRE AND INLAND MARINE
IN OTHER STATES AS A NON-ADMITTED CARRIER
• • • • LARGE SINGLE RISK CAPACITY • • • •

FIDELITY GENERAL INSURANCE COMPANY

222 West Adams Street

RAndolph 6-4060 A STOCK COMPANY Chicago 6, Illinois

PRITCHARD AND BAIRD
REINSURANCE
Consultants and Intermediaries

Fully prepared through long experience to serve intelligently those Underwriters who demand the best.

"WE ARE WHAT WE DO"

123 William Street, New York 38, N. Y.
WOrth 4-1981

Passe Club Holds Memorable Meeting

Passe Club International, the ex-commissioners organization, held another memorable meeting during the NAIC convention in Dallas. J. Edward Day, U.S. Postmaster General, former Illinois director, was guest speaker, and Commissioner Emeritus William A. Sullivan of Washington finally was initiated. These events alone would have made the meeting, but John Lloyd as presiding officer and Howard Brace as chairman of inductions performed superbly in their offices and made this an altogether exceptional interlude.

The idea of Passe Club is fun. No business is permitted, even during the cocktail period that precedes the luncheon. The standards of wit revolve around "strengthening" the membership, but it takes inventiveness to harp on this subject alone year after year and provide entertainment that is fresh. Mr. Lloyd, former Ohio superintendent and now president of Union Central Life, handled his job without a slip, introducing the head table and Mr. Day in truly professional style. The roll call by Mr. Brace, now retired from Occidental Life of California, was in keeping with the level of performance that established him as the outstanding sober-faced humorist in the insurance business. Mr. Brace is the former Supreme Secretary of Passe and was filling in for the current office holder, J. R. Maloney, San Francisco attorney, who was trying a lawsuit.

Mr. Day had a prepared text that was larded with post office statistics, but happily he didn't follow it. Instead he used some of the best material from the many talks he makes about the country and commented extemporaneously on his insurance relationships from his days in Illinois and with Prudential.

Atlantic Mutual In Top Level Changes

Atlantic Mutual has named Robert M. Perce and E. V. Silver Jr. to new posts as senior vice-presidents. E. Kenwood Hawley has been elected vice-president.

Mr. Perce will be in charge of production and business development activities in the U.S. and Canada. Mr. Silver will be head of all underwriting except inland marine Mr. Hawley has supervision of the casualty department.

Continental Casualty Offers Comprehensive Dental Plan In Illinois

Continental Casualty is now offering a comprehensive group dental protection plan in Illinois.

Introduced at a conference which drew 150 agents and brokers, the plan pays benefits on all types of dental service, such as oral examinations (including X-ray and cleaning) at six-month intervals, fillings, bridge work, dentures, oral surgery, treatment of gum disease and orthodontics (straightening).

Plans May Be Tailored

Allowing every insured to select his or her own dentist, the coverage is designed so that plans may be tailored to meet the specific needs of any eligible group. It can cover every full time employe of firms and every participant in union welfare funds, regardless of dental history. Dependents, spouses and unmarried children under 19 may also be covered.

Lee R. Farmer, assistant vice-president of the company, who has directed the formation of the program, described the plan's potential as "equally as great as that of hospitalization insurance," and predicted that within a decade, there will be few companies providing health insurance benefits without attention to dental needs.

Under the plan, the cost may be either covered by the company or shared between it and its employes. The cost to Chicago area firms, for example, might range from \$80 to \$125 a year for each employe, depending upon the size of the deductible portion of expense and the amount of coinsurance, Mr. Farmer noted.

Mr. Farmer disclosed the American Dental Assn. will put into effect on Jan. 1 a group dental protection plan covering its Chicago staff of about 300 persons.

Levering Cartwright
INSURANCE STOCKS
Life-Fire-Casualty
Cartwright, Valleau & Co.
Members Midwest Stock Exchange
Board of Trade Building
Chicago 4, Illinois
WAbash 2-2535 Teletype CG1475
You may telephone orders collect.

Substandard Fire Loss Adjusting

By JOHN C. HAGENSICK

Fire Loss Manager
Reserve Of Chicago

(Part one of two parts from a talk delivered at the University of Miami Fire Investigation and Subrogation Seminar.)

Traditionally, adjustment of insurance claims has been categorized into three classes—casualty, property and marine. Because of the marked degree of difference in the handling of various property loss adjustments, there should be additional classifications in this field such as homeowner, inland marine, standard fire and substandard fire claims. It is not contended that a seasoned property adjuster cannot properly handle these four sub-classified types of claims, but it is strongly asserted that each type of claim is handled in a completely different manner both as to the approach toward the insured and the technical problems that will arise.

Give Definition

In substandard fire loss adjustments, greater emphasis is placed on the value of the risk, depreciation or obsolescence factors, cause of the loss, and the insurable interest involved. Substandard fire insurance is the underwriting of inferior risks at a commensurate surcharged premium. Because of the increasing number of risks which fall in this category, some enterprising companies have extended their fire writings into this field.

The risk may be inferior because it is geographically located in an area unacceptable to the underwriters of standard fire insurance. This may be a blighted neighborhood containing old buildings that have been carved up and bled by absentee landlords. The high density of population in these areas often results in a relatively higher proportion of unsupervised children and their play with matches. Or the area may be chiefly populated by transients or low income groups where the underwriters have experienced above average moral hazard.

The age factor also has a bearing on the classification of the risk. The majority of the insured substandard buildings were built prior to 1920 and this reflects on the efficiency of their electrical and heating systems.

These areas that contain the core of substandard fire risks do not remain static. Urban renewal projects tear down these slums in time but as they do, the fringe areas that were once acceptable to the underwriters of standard fire insurance degenerate and become substandard.

Need Adequate Rate

In order for substandard fire business to be underwritten properly, an adequate rate must be obtained in the form of a surcharge. Otherwise, the insured who has maintained good housekeeping and has kept his property in a state of good physical repair would be penalized by those who did not.

Another underwriting and loss control procedure in this specialized field is the mandatory requirement of coinsurance on every risk. But coinsurance is by no means a rose without thorns. In certain states the application of coinsurance is restricted by law. There is opposition to it because of an element of compulsion that is obviously present. A property owner is free to purchase the amount of insurance that he wants; but, to maintain the cost of his insurance on an equitable basis, he will be penalized by the coinsurance clause if he buys less than the stipulated percentage. Another objection is that the insured has little conception of the meaning of the coinsurance clause, its purpose or its operation. This is the fault of the insured's broker. But, when the finger of blame is pointed in this direction, it becomes apparent that the insured was informed that he needed more insurance but unfortunately procrastinated until after the loss occurred.

In the loss adjustment sector there is still a more important need for coinsurance. **Since the majority of substandard fire insurance is written with a coinsurance clause, it is automatic that the value of the risk be considered in the adjustment of a loss. But how is this value determined?** The insured immediately contends that the building is worn down and the value should be depreciated to almost nothing. He will cite figures of the low market value of similar buildings in the neighborhood, his low purchase price of the building or his low tax assessment valuation. Yet he will present a claim that may equal or exceed his concept of the building value even though but a fraction of the building is damaged.

Adjuster's Solution

The adjuster's solution to this problem is to check the detailed claim against the damage and arrive at the cost to repair the loss. Then the adjuster determines what items are subject to wear and tear and deducts commensurate depreciation. The replacement cost of the building is then ascertained and the same commensurate depreciation is applied.

Because many of these older buildings were structurally well built, the insured will often argue that the replacement value of the building is too high, especially in the face of a coinsurance penalty. If the argument becomes too heated, the adjuster can bolster his point by itemizing all the material and labor costs required to replace the building. In order to circumvent the problem of depreciation vs big claims for partial losses, the same unit costs that were used in the adjustment of repairs should be used in determining the replacement value of the building. This applies to the structural members of the building, unit cost of plaster, painting, roofing, masonry, etc. There are technical refinements to this procedure in that if the repair figures designate patching small amounts of plaster or replacing a part of the floor, etc., the unit costs must be reduced to compensate for minimum labor charges. **And the cost for wrecking and debris removal in the repair estimate should be disregarded in ascertaining the replacement value of the building.**

If the insured is represented by a

(CONTINUED ON PAGE 28)

Seek Prior Approval, Open Filings In Massachusetts

Insurance Brokers Assn. of Massachusetts has filed bills in the state legislature calling for positive prior approval of rates and for the opening of rate filings to public inspection before they become effective.

The organization indicates its members have been particularly disturbed by recent attempts to reduce homeowners rates. It wants positive prior approval. It contends that recent filings show that many companies have adopted a philosophy of loss leaders, which will lead to a tight market, stricter claim and loss practices, more cancellations, reduced commissions, and danger to company solvency.

—

Plan Forum On Los Angeles Fire

The monthly meeting of Los Angeles Fire Protection Forum Dec. 11 will feature a panel on the recent Los Angeles fire. Panelists will include an officer of the city and county fire departments, a prominent adjuster, a local agent and a broker.

DOUBLE
PROFITS

Profit Minded Agents have Profit Sharing Agreements with BOTH Companies -

WORCESTER MUTUAL
and GUARANTEE MUTUAL

DIVIDENDS DEVIATIONS
A PROFITABLE PARTNERSHIP FOR PROFIT MINDED AGENTS
Worcester Mutual
GUARANTEE MUTUAL

440 LINCOLN STREET • WORCESTER, MASS.

Advertising Of North America Wins Art Recognition

North America has been recognized for its 1961 business advertising by Art Direction magazine, the monthly publication of National Society of Art Directors. The citation especially mentioned the advertisement featuring the Jones & Laughlin Steel Corp., a North America insured.

The series was designed by North America and its advertising agency, N. W. Ayer & Son, to demonstrate its ability and capacity to handle large and unusual commercial and industrial accounts. The first of the four-color ads featured the New York Yankees. Others dealt with San Francisco's Fairmont Hotel, Bordens, Rand McNally, Kimberly-Clark, John Wanamaker and Grumman Aircraft Co.

The companies appearing in the tie-in series are discussed in articles in two company publications, INA World which is distributed world-wide to more than 9,000 company employes six times a year, and INA Fieldman, written for the company's 20,000 agents. Also, the company provides its agency force with full-color, poster-sized ad reproductions for promotional purposes.

—

Automobile Underwriters Club of Philadelphia held its November luncheon meeting at Kugler's restaurant with Vernon P. Searfoss, Ohio Casualty, president of the club, presiding. Plans were formulated for the Christmas meeting Dec. 19. Also, the effect of new legislation in Maryland on cancellation procedure was discussed.

J. S. Richardson, 32 Year Standard Accident Man, Has Retired

J. S. Richardson, vice-president Standard Accident, retired Dec. 1 after 32 years with the company. He was honored by fellow officers at a special retirement dinner at the Detroit Golf Club Nov. 29.

J. S. Richardson

Mr. Richardson's total years of insurance experience number 41, dating from 1920, when, upon completing three years stay in the Canadian army, he joined Travelers as a special agent. In 1923 he became director and manager of an Ontario agency, but returned to Travelers in 1925 as field assistant. Mr. Richardson joined Standard Accident in 1929 as assistant manager of the Detroit branch office and was made manager of that branch the following year. He was transferred to San Francisco in 1935 where he was elevated to resident vice-president, and returned to Chicago in that same capacity in 1945. He was elected vice-president in charge of the central territory in 1958 and remained in that position until his retirement.

—

Mexican Flag Given To Insurance Hall Of Fame

Insurance Hall of Fame at Ohio State University has received a Mexican flag for part of its permanent exhibit.

The flag was presented to Novice G. Fawcett, president of the university, and Arthur I. Vorys, president of the Griffith Foundation (which administers the hall of fame), as an expression of the good will which exists between Mexico and the other North American nations.

John S. Bickley, chairman Insurance Hall of Fame, made the presentation on behalf of Manuel Alonso de Florida, gerente general of Azteca la Compania Mexicana de Seguros; Ernesto Warnholtz, Ajusco, S.A. and Salvador Morales-Franco of La Latinoamericana—all of Mexico City.

The Mexican flag is the first standard to join the United States flag in the room commemorating the hall. It is expected that as representatives of additional countries are added to the board of electors, flags of their countries will be placed in the hall.

—

W. Va. 1752 Club Elects

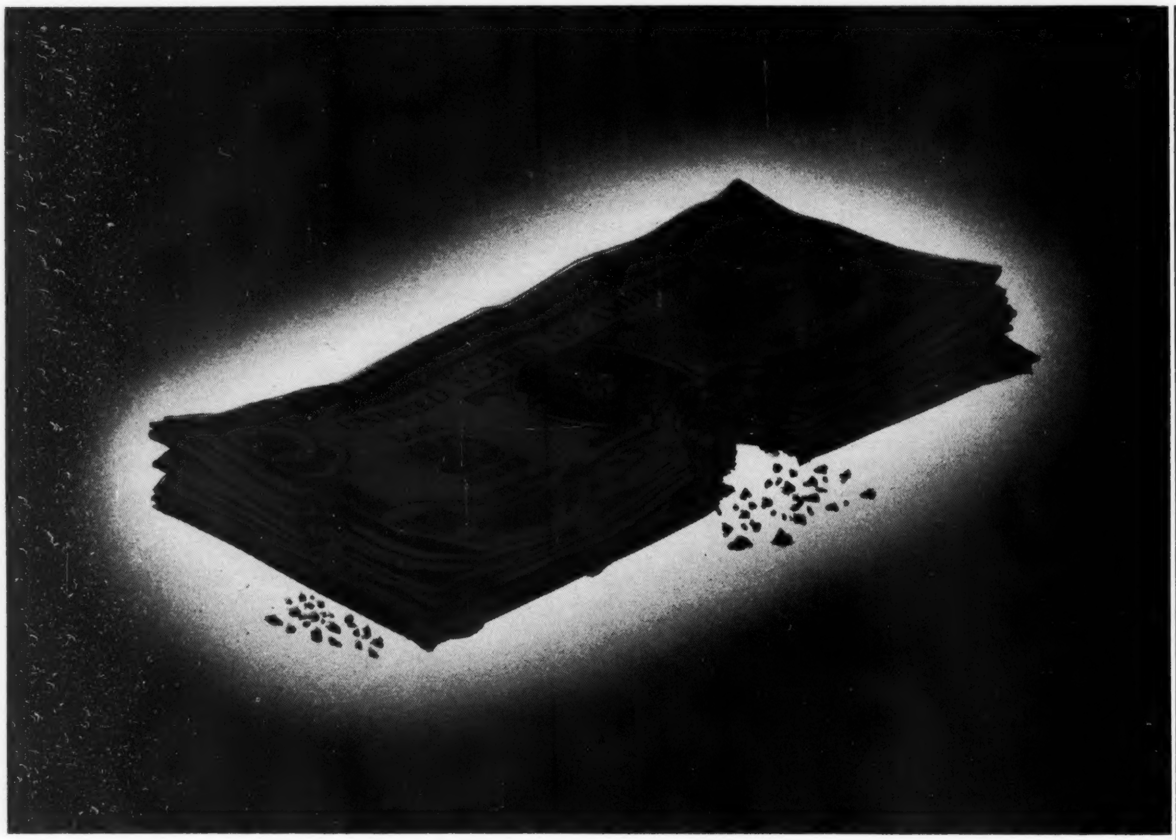
At its annual meeting in Huntington, 1752 Club of West Virginia elected William H. Haynes, State Auto Mutual of Columbus, president. Harry J. Barengo, Central Mutual of Van Wert, was named vice-president and Paul O. Coster, Inland Mutual of Huntington, secretary-treasurer.

The semi-annual meeting will be held Jan. 15, 1962 in Charleston, where arrangements will be made for the annual spring clinic conducted in co-operation with West Virginia Mutual Agents Assn.

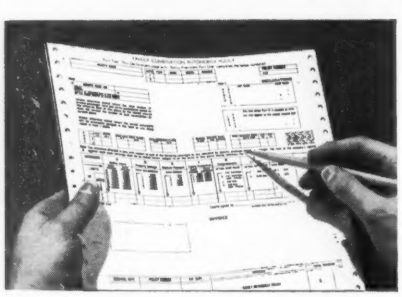
—

Addresses Central Ill. CPCUs

Central Illinois CPCU chapter held its all industry luncheon in honor of the downstate designees. The meeting was held at Illinois Wesleyan University, with Thomas Morrill, vice-president State Farm Mutual Auto, as speaker.



How to protect profits from paperwork termites



POLICIES—Snap-out and continuous (text is guaranteed on all bureau policies) • Carbon-interleaved Forms • Color Collating • Magnetic Ink Printing (including consecutive check numbering)

Frequent checking of forms operational efficiency can prevent the *boring from within* of creeping processing costs that so persistently attack profits.

R & S has more than 50 years experience in forms design and coordinating them with machine and manual systems. This, plus the proven processing procedures developed by our Statistical Division, provide a highly skilled and diversified resource for management in combating steady attrition of profits.

There is no cost or obligation for consultation. Write Dept. N, or call.

INSURANCE PRINTING SPECIALISTS R&S SINCE 1911

RECORDING & STATISTICAL CORPORATION

Executive Offices: 176 Broadway, New York 38, N. Y.

SALES OFFICES: Atlanta • Baltimore • Boston • Chicago • Dallas • Danville, Ill. W. Des Moines • Minneapolis • New York • Toronto • West Coast

PRINTING PLANTS: Boston, Mass. • Danville, Ill. • Toronto, Canada

SPECIALIZED INSURANCE PRINTING DOESN'T COST — *IT PAYS*

Monthly List Of Stock Bid Prices Given

The following month-end quotations on insurance stocks are furnished by Cartwright, Valleau & Co., the securities firm in the Board of Trade Building, Chicago, that specializes in insurance stocks. There are given the bid prices on the inside market at November 30 along with comparable prices at December 30, 1960, and June 30, 1961. Insurance stocks finished the month with much strength. Many were at the high point of the year.

	12/30/60	6/30/61	11/30/61
Aetna Casualty	96	129	160
Aetna Fire	91¼	111½	155
Aetna Life	97½	119¼	150
Agricultural	31¼	32¾	37
All-Amer. Life & Cas.	8	14½	27
Am. Equitable	19⅜	22¼	25½
Am. Fid. & Cas.	16½	20	37½
Amer. General	30½	61	89
Am. Heritage Life	6¾	10⅝	17
Am. Home	41	54	60
American, N.J.	27¼	31	29¾
Am. Life Cos.	8	8¾	11¾
Am. Motorists	17	20½	31½
Am. National	7⅝	11¾	16⅝
Am. Re-Ins.	41	53	79
Am. States	21⅞	23¼	31
Bankers Natl. Life	22	40	62
Bankers & Shippers	54	57	67
Benef. Std. Life	15½	33½	45¾
Boston	31½	35¼	43
B.M.A.	31⅝	71	110
Cal.-Western States	44½	76	120
Camden	32⅛	38½	38
Central Std. Life	16½	19½	32½
Citizens Cas.	8¾	14	18
Citizens Life	10¼	24	34
Coastal States Life	16	19	24½
College Life	52	86	145
Combined	24⅝	44	59¾
Commonwealth Life	21	39	65½
Conn. General Life	200	228	300
Cont. Am. Life	28½	35⅜	75
Continental Assur.	120	162	209
Continental Cas.	68⅜	106	109½
Continental Ins.	56½	58⅝	69
Corroon & Reynolds	15	16¾	25
Criterion	—	40	42
Crown Life	112½	205	300
Crum & Forster	36	47½	56½
Eagle Fire	2¾	5¼	3⅜
Eastern Life	28¾	41	25½
Employers Group	39¼	49	65½
Empl. Reins.	61½	62	78
Farmers Und. Assn.	42	53½	64
Federal	57½	69¼	78
Federal Life & Cas.	73	79	126
Fidelity Bankers Life	8	10½	24⅛
F. & D.	43¾	57	66½
Fireman's Fund	53¾	66¼	64¾
Franklin Life	61½	102¼	153
Gen. America Corp.	157	191	270
General Reins.	121	130	190
Georgia Intl. Life	4⅛	6	11⅜
Glens Falls	39¼	41	51
Government Empl.	89	128	124
Govt. Empl. Life	43	78⅝	129
Great American	49½	57½	61¾
Great Am. Life Unds.	70	124	207
Great Southern Life	69	90	142
Great-West Life	395	550	780
Gulf Ins.	34¼	38	53
Gulf Life	18½	27	50
Hanover	42¾	43½	50¼
Hartford Fire	57¾	67¾	88
Hart. Steam Boiler	91	112	140
Home	57	56¾	65
Home Protective*	55	65	65
Imperial Life	90½	114	153
Ins. Co. North Am.	77	92¼	108
Ins. Shares Certs.	34¼	43	53¼
Interstate L. & A.	5¾	9⅛	17
Interstate Fire & Cas.	14½	30	32½
Jefferson Natl. Life	17½	18¾	30
Jefferson Std. Life	42	62½	97½
Jersey Ins.	34	34	37
Kansas City Life	1,340	1,970	2,950
Ky. Central L.&A.	11	12½	17
Lamar Life	33	54	80
Liberty Life	15	27	40½
Liberty Natl. Life	39	70½	100
Life & Casualty	16½	22¼	38½
Life of Georgia	58	103	150
Life of Virginia	56½	87	134
Life Ins. Investors	8.95	12.56	18.09
Lincoln Income Life	18⅛	22	26
Lincoln Natl. Life	92	125½	180
Loyal Protective	49	55	90
Maryland Casualty	36⅝	41¾	47½
Mass. Indemnity	39¾	49	67½
Mass. Protective	69	112	142
Merchants Fire	35	42	44½
Midwest. United Life	30	47	64
Mission	10⅝	16¼	20
Monumental Life	45¼	58⅞	100
Natl. Fidelity Life	15	20	31
National Fire	123	136	166
National Life & Acc.	114½	179	227
Natl. Old Line	15⅞	29½	40½
Natl. Reserve Life	146	165	300
National Union	40½	48¾	48¾
Nationwide Corp.	27½	33½	46¾
New Hampshire	49⅜	57½	78
North Amer. Life	14¾	19	32½
North Am. L. & C.	132	175	250
Northeastern	12¼	22	24½
North Central Co.	9¼	15½	16¾
North River	41½	46½	51½
Northern Ins.	41½	46	56½
Northern Life	130	168	200
Nw National Ins.	86	102	115
Nw National Life	90	107	180
Occidental Life, N.C.	4⅛	7¾	10⅛
Ohio Casualty	24	29	36½
Ohio State Life	39	51	66
Old Line Life	60	69	185
Old Republic Ins.	14¾	15¼	18¾
Old Republic Life	18½	21	31
Pacific, N.Y.	55	56½	67
Pacific Indemnity	33	35½	42
Pacific Natl. Life	15¾	25½	37
Peerless	22¼	26½	32½
Peninsular Life	3⅞	4¼	7½
Peoples Life	29⅝	38	62
Philadelphia Life	49½	75	105
Piedmont So. Life	59	69	112
Phoenix	83	102	128
Postal Life	36	48	68
Prov. Washington	18⅞	22¼	28
Provident L. & A.	81	140	205
Quaker City Life	39¾	55⅜	84
Reinsurance Corp.	21½	23½	30
Reliance	53⅝	63¼	74½
Republic, Tex.	27	32½	44½
Republic Natl. Life	33½	70	107
Reserve, Ill.	11	19	23½
St. Paul F.&M.	61	71	93½
Seaboard Surety	39	42	46½
Security	55	66	115
Security L. & A.	33	65½	101½
Security Life & Trust	41¼	55	82
Southland Life	88	113	205
Southwestern Life	53	92	150
Springfield	33	36⅝	45½
Standard Life, Ind.	49½	59	97
Transamerica	26⅞	34	46
Travelers	93	122¾	162
Trinity Universal	31	34½	42
Truck Unds.	28	36	44
United, Ill.	32	54	78
United Pacific Corp.**	18	28½	38
United Services Life	40	97	140
U.S.F.&G.	41¾	57¾	77¼
U.S. Fire	30½	35½	43½
U. S. Life	34	70	81
Universal	28¼	27¼	38
Variable Annuity Life	8¾	11½	15
Victory Life	94	100	150
Volunteer State Life	57	70	114
Wash. National	36	57⅜	80
West Coast Life	31	48	63
Westchester Fire	33½	38¾	40½
Western Casualty	38¾	56	56
Wis. Natl. Life	28½	36½	62

*Owns Home Life, Pa.
**Owns United Pacific Ins.

Pacific CPCUs Elect

Pacific chapter of Society of CPCU at its annual election in Los Angeles named Bruce H. McBirney, Fidelity & Deposit, president; John E. Hutton, Farmers Exchange, vice-president; Kenneth A. Tipton, Tipton & Co., secretary, and Leslie M. Liscom, Johnson & Higgins, treasurer.

Busch Legislative Counsel Of Emmco

William M. Busch has been named legislative counsel for Emmco and will be responsible for state and national legislation affecting the company. He will also serve as legislative counsel for Excel and Capitol Life.

For 2 years, Mr. Busch has served as counsel-secretary of Consumer Credit Insurance Assn. Prior to that he was business manager and attorney of the Kansas State Board of Health, and earlier served as attorney for the Kansas insurance commission.

Gillon Raised At Dallas

Hartford Accident has appointed William A. Gillon assistant superintendent of the bond department at Dallas. He joined the company there in 1959 as a bond underwriter.

Transport Indemnity Names Bucher

Transport Indemnity has appointed Frank J. Bucher account executive at Denver. He has filled underwriting and executive positions with Crum & Forster.

SUPERIOR FACILITIES
S A M
.... available only to Excess and Surplus Lines Brokers
South America Managers, Inc.
3 Penn Center Plaza
Philadelphia 2, Penn.
LOcust 8-7730 • TWX-PH 1257

REINSURANCE BY
NERCO
✓ AMERICAN
✓ ADMITTED
✓ AMPLE
NERCO, as independent Underwriting Managers, is a major professional market offering multiple-line reinsurance entirely in American carriers without utilizing retrocessions with overseas markets.
Reinsurance Underwriters for:
American Employers' Insurance Company
The Phoenix Insurance Company
Boston Insurance Company
Plymouth Reinsurance Company
National Union Insurance Companies
Seaboard Surety Company
Springfield Insurance Company
NEW ENGLAND REINSURANCE CORPORATION
60 Batterymarch St., Boston 10, Mass.
Telephone HAncock 6-5180
ELLIS H. CARSON, President
GRAVES D. HEWITT, Executive Vice-President
ALLEN J. HINKELMAN, Secretary

Unauthorized Lines Committee Will Have June Decision

(CONTINUED FROM PAGE 4)

experience. North America can see no analogy between such funds and the Federal Deposit Insurance Corp. because the FDIC has standards of admission and can expel a member bank, but neither of these apply to guaranty funds.

American Mutual Insurance Alliance held that responsibility for prevention of insolvency rests with management and with state regulatory officials. The alliance would support a study to prevent insolvencies rather than to guarantee losses after they occur.

Speaking for NAII, Vestal Lemmon, general manager, stated that broad powers are vested in state officials to revoke or suspend operations of a company or to place it into receivership if it is found to be insolvent or its financial condition is such that continued operation may lead to insolvency. The few studies and research report which have been made demonstrate that existing laws regulating insurance, administered properly, adequately and in timely fashion, have minimized losses due to insurance insolvencies as compared with losses resulting from insolvencies of other industries.

In considering the guaranty fund approach, NAII feels a number of questions should be explored:

1. To what extent will a guaranty fund promote rather than discourage incompetency, inefficiency and illegal and fraudulent practices by insurance companies?

2. Will a guaranty fund, accumulated through assessments of all companies, unfairly penalize the well managed companies and their policyholders for the benefit of those companies which operate either incompetently or dishonestly?

3. Will a guaranty fund tend to decrease the vigilance and vigor, either consciously or unconsciously, of regulatory officials in the administration and enforcement of present laws to minimize the losses from insolvencies?

4. Can any such state by state approach possibly meet the problem with respect to an industry national in scope?

NAII's Recommendation

The recommendation of NAII, Mr. Lemmon said, is that further studies of insurance insolvencies be made to determine the nature and extent of monetary losses actually incurred by policyholders, claimants and by creditors, with respect to various lines of insurance. Such studies could determine whether existing laws and regulations were properly enforced so that insolvencies could have been prevented.

A number of NAII companies have begun to include as part of uninsured motorist coverage protection of their insured with respect to injuries caused by a tort feasor whose insurance company becomes insolvent. Mr. Lemmon believes this approach is one which should be carefully considered.

The subcommittee's conclusion was to attach the four statements to its report in order to give "all segments of the industry an opportunity to comment on these reports or to submit additional information at the next meeting of this subcommittee."

Morrison In New Post; Kirkpatrick To Retire

George E. Morrison has been elected permanent secretary of the Hemispheric Insurance Conference to succeed A. L. Kirkpatrick, manager of the insurance department of the U. S. Chamber of Commerce, who is retiring next May.

Mr. Morrison has been Mr. Kirkpatrick's assistant in the insurance department for two years.

The insurance committee of the chamber will meet Feb. 5-7 in Washington as part of the annual legislative conference of committees, where the 1962 legislative program will be put into final form.

Springfield Casualty Men Elect Rhoads President

Eugene Rhoads, Illinois National, has been elected president of Springfield (Ill.) Casualty Underwriters Assn.

Other new officers include Joseph Hill, Ohio Casualty, vice-president and treasurer, and William O'Connell, Hawkeye-Security, secretary.

Directors are William Tate, America Fore Loyalty group, and John Glas, Illinois National.

5 Minute Hailstorm Hits Texas Town For $350,000

The hailstorm that hit Breckenridge, Tex., Nov. 22, caused an estimated 2,000 losses, with an average loss of $175 after the deductible, or a total loss of $350,000, according to General Adjustment Bureau.

Both the north and west sides of the city were struck by a heavy hail accompanied by a 61 mph wind and a rainfall in excess of 1½ inches. The hailstorm lasted approximately five minutes with the hailstones varying from marble to baseball size.

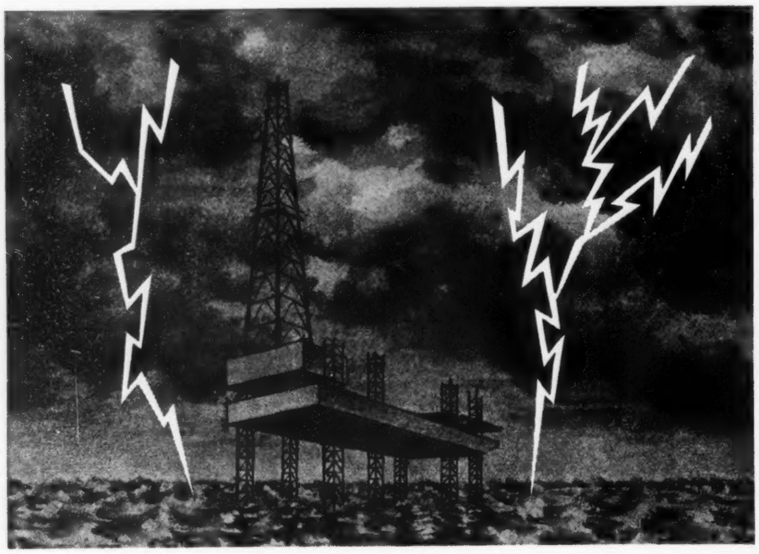
GAB has established a separate storm office under the supervision of Troy Enis, manager, at 109 North Baylor Street. Additional adjusters and clerical personnel have been sent to the area.

Northeast Iowa Adjusters Elect Walsh, Nagle, Rice

Northeast Iowa Adjusters Assn. at its November meeting in Waterloo elected Jack Walsh, U.S.F.&G., president; John Nagle, Cedar Rapids, vice-president, and David Rice, State Farm Mutual, secretary-treasurer.

Great American Names Two

Great American has named John M. Kerr and Peter L. Pilcher special agents at Valparaiso, Ind., to succeed Robert Jeffers who has resigned.



WORLDWIDE

Protection

for Oil and Gas drilling and production equipment

OFFSHORE OIL INSURANCE

From the earliest days of exploration for oil and gas offshore in the Gulf of Mexico to present offshore drilling worldwide, we have been working with insurance agents and brokers to provide sound and reliable insurance protection for their clients' drilling and production equipment.

To do the best for your clients and to retain their good will, take advantage of our specialized experience and know-how—and our extensive facilities for broad coverage, sound continuing markets, and unexcelled loss handling by experts.

Ask those who use Southern Marine's service how well it works for the assured.

Servicing insurance agents and brokers only—no direct business

SOUTHERN MARINE & AVIATION
UNDERWRITERS, INC.

Head Office: 610 POYDRAS ST. • PHONE 524-5266 • NEW ORLEANS 12

LOS ANGELES • SAN FRANCISCO

DIRECTORY OF RESPONSIBLE
INDEPENDENT ADJUSTERS
A

BREWER ADJUSTMENT COMPANY
Long Haul, Bus, Taxicab and Automobile Liability and Physical Damage—
General Liability—Compensation—Fire
RED ROCK BLDG., ATLANTA, GA., JA 3-2793
BUSH BLDG., COLUMBUS, GA., FA 7-7096

S. J. Kernaghan & Co. Ltd.
INSURANCE ADJUSTERS
WINNIPEG, MANITOBA, 138 PORTAGE AVE. EAST, TEL. WH 3-5476
BRANDON, MANITOBA, 106 - 11TH STREET, TELEPHONE PA 9-4653
KENORA, ONTARIO, 114 MAIN ST. SOUTH, TELEPHONE HO 8-7229
DRYDEN, ONTARIO, BOX 1582, TELEPHONE 217
IN CANADA COVERING MANITOBA AND WESTERN ONTARIO
ADJUSTING AND INVESTIGATING FOR COMPANIES ONLY

RAYMOND N. POSTON, Inc.
159 S. W. 8th St. Miami, Fla.
BRANCHES
FT. LAUDERDALE
LAKE WORTH
KEY WEST

SCOTT WETZEL CO. UTAH-IDAHO
INSURANCE ADJUSTERS
Home office—428 So. Main, Salt Lake City, Utah.
Day or night offices: Ogden, Utah; Provo, Utah; Idaho Falls, Idaho; Pocatello, Idaho; Twin Falls, Idaho.

MORRELL P. TOTTEN & COMPANY, Inc.
General Adjusters—All Lines
ALASKA: Anchorage, Fairbanks, Ketchikan
WASHINGTON: Seattle, Spokane

Ark. Agents' Midyear Stresses Sound Price Competition Through State Regulation

"Having watched the apparent disintegration of an orderly system of rate and form filing in Arkansas and elsewhere, and believing that this trend is contrary to the best interest of the insurance-buying public, the insurance companies and the agents, we believe that the real danger to the public is in the growing threat of insolvency of companies resulting from actuarially unsound price competition."

This was the opening blast in a statement of basic insurance principles unanimously adopted by Arkansas Assn. of Insurance Agents at its midyear executive conference in Little Rock. "This danger is more real and immediate than any dangers inferred by federal investigation of state regulation," the statement continued, and it ". . .is heightened by the fact that a continuation could lead to complete collapse of effective state regulation and the eventual undermining of public confidence in the business of insurance."

Urges Experience Criteria

The statement urged that all rates, whether submitted by bureaus, as independent filings or as deviations, should be subject to stringent tests of past loss and expense experience on the affected class of business. Each filing, whether for an increase or decrease, should be carefully examined for inadequacy, excessiveness or unfair discrimination. "No one insurance company is large enough to make rates based solely on its own experience in losses on any classes of business, and therefore each rate filing should be considered in the light of experience in the particular class of business for all companies operating in the state."

Judgment rating has become too prevalent, the statement opined, adding that "judgment alone is no justification for rate or form changes." This method may conceal the growing practice of making rate filings based on price competition, without regard for the principles of sound insurance or for actual loss and expense experience. Rate filings based solely on presumed savings in expense, to be realized through changed methods of billing and policywriting, or through reductions in commission, should be supported by exhibits showing actual past expense reduction, if any, detailing such savings effected in operations within a state.

Filing And Approval Rules

The statement advised adoption of a set of procedural rules for the filing and approval of deviations. Automatic disapproval would result if a filing did not comply with these rules. It was pointed out that commissioners of the several states under the all-industry laws have the authority to establish and maintain sound standards of regulation. Further, they can require companies anticipating lower operating costs and expense factors to return these savings to policyholders in the form of dividends or participating policies after such savings have been realized.

The pronouncement declared that agents have an obligation to insured to offer the soundest protection possible at the lowest practical cost. Toward this end, the association has directed the appointment of a special representative group to discuss the

(CONTINUED ON PAGE 27)

St. Paul F.&M. Has Field Changes In Mich., Wyo.

James A. Evans has been made special agent for St. Paul F. &M. to assist Palmer Rooch, supervisor of fidelity and surety for Michigan. He will be under the general direction of Manager E. C. Dice at Detroit.

State Agent Richard L. Cotherman has been transferred to Casper, Wyo., where he will service the Wyoming agents under the direction of Fred E. Shellman, Denver manager. Mr. Cotherman joined St. Paul in 1953 in the fire department at the home office and was assigned to the Colorado field in 1959.

Insurance World Of 1970 Is Theme Of Columbus CPCUs

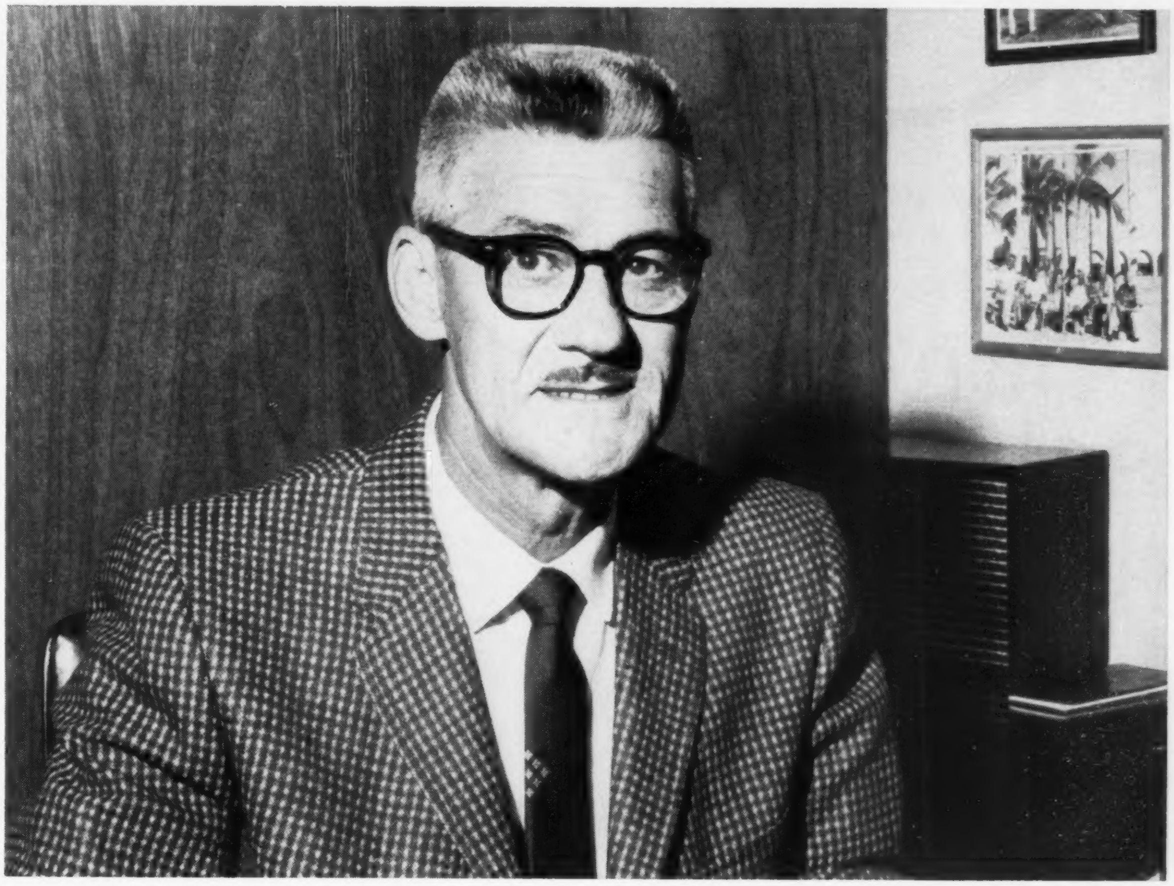
"The World of Insurance—1970" was the theme of the November meeting of Columbus (O.) CPCU chapter.

Among the talks presented were "The Agent in 1970;" "Life Insurance in 1970;" "Fire and Allied Lines Insurance in 1970" and "Automobile and Casualty Insurance in 1970."

Republic-Franklin Appoints

Charles G. Marcum, formerly with America Fore Loyalty group, Illinois National and General Accident, has been appointed a special agent in charge of the Miami Valley territory by Republic-Franklin of Columbus, O.

"SAFECO KEEPS THE DIRECT WRITERS IN RANGE"



Homer A. Pfeiffer, Sunnyvale, California

"Safeco's continuous approach to personal lines not only keeps us within range of the direct writers but cuts down our overhead as well," says Homer Pfeiffer of Sunnyvale, California.

"In the commercial field too, General's package policies are competitive with any company on the street.

"General's multi-line offerings, it's account selling approach and it's competitive products make it the leader in the industry . . . It's a pleasure to be associated with a company that is determined to preserve and enhance the American Agency System."

Mr. Pfeiffer has represented General since 1949. His outstanding success over the years is typical of many independent agents who have grown and prospered with General. In the intensely competitive insurance industry of today, General agents get ahead and stay ahead with the most advanced products and facilities available. You owe it to the future of your agency to inquire now—send the coupon today!

GENERAL

SAFECO

LIFECO

INSURANCE COMPANIES OF AMERICA

Home Office: Seattle. Division Offices: New York, Atlanta, Cincinnati, St. Louis, Dallas, Denver, Los Angeles, San Francisco and Vancouver, Canada

General Insurance Company of America
General Insurance Building, Dept. 811
Seattle 5, Washington
Tell me more about GENERAL/SAFECO LIFECO profit story!

AGENCY NAME ______

STREET ______

CITY ______ ZONE ______ STATE ______

SIGNATURE ______

XUM

AGENT APPROVED

...and award-winning* too!

for more and more sales... Ohio Farmers' 4-STAR Budget Plan makes Insurance Selling EASIER for you!

Call your Ohio Farmers field representative and learn about the "Agent Approved" 4-Star Budget plan. It's the *Sensible Way* to sell Insurance.

*Certificate of Excellence-Insurance Advertising Conference Competition for Complete Campaign.

Ohio Farmers Companies

OHIO FARMERS INSURANCE COMPANY, CHARTERED 1848
SUPERIOR RISK INSURANCE COMPANY, LeROY, OHIO

Jonassen Named To General F. & C. Post

Harold Jonassen

General Fire & Casualty has appointed Harold Jonassen manager at Newark. He succeeds Malcolm deVesty, who was recently advanced to manager of the casualty department in the home office. Mr. Jonassen was formerly with Zurich in Bergen County, N.J.

—

Western Pacific Names Hallgrimson, Two Others

Frank Hallgrimson has been appointed Portland manager for Western Pacific. Since joining Western Pacific in 1953, he has been assistant head casualty underwriter, head underwriter of the Seattle branch, and manager of the company's southwestern Washington division.

Thomas D. Coburn and George J. Wigen have joined the Seattle office. Mr. Coburn, appointed special agent, has served as special agent with the Kemper group for the last three years. He began his insurance career in 1954 as a fire underwriter for Northwest Mutual. Mr. Coburn replaces Mr. Hallgrimson.

Mr. Wigen, named to engineering and inspection, began his insurance career in 1959 as an engineer for Washington Surveying & Rating Bureau.

—

Great American Names Two In Kentucky Field

Great American has named Edward Bawden and James W. Richards special agents for central and western Kentucky, respectively, with headquarters at Louisville. They will be under the direction of Donald A. Peckham, field supervisor. Both men have been training in the western department.

—

Lynch To Conn. Field

Peerless has appointed William F. Lynch special agent at Hartford. He completed the company's training program in 1959, became special agent in New Hampshire and then was assigned to the homeoffice agency department. Mr. Lynch will assist John J. Murray, manager, in developing business in Connecticut and Rhode Island.

Ark. Holds Hearing On Bureau Franchise Plan

LITTLE ROCK—Whether the National Bureau's "franchise filing" permits writing of fictitious groups and is in fact, unfairly discriminatory in its operation was debated here Nov. 28 in a special hearing before Commissioner Harvey Combs. The hearing came about as a result of a "show cause" order issued earlier in November by the department, requesting the bureau to indicate why its filing should not be disapproved.

R. L. Jewell Jr., Austin, manager southwestern branch of the bureau, and its principal witness, contended that the tests and conditions for the groupings, both as to franchise operations and employe-owned cars, produce a valid insurable interest and are creditable sufficiently to make these groupings eligible under the bureau's schedule experience rating plan.

Louis R. Rosen, Little Rock, a past president of Arkansas Assn. of Insurance Agents and member of the insurance code commission in 1959, testified that the general effect of the new filing was to give unfair competitive advantage to franchised operators as compared with an independent operator, especially as far as burglary and glass coverages are concerned.

Also participating in the hearing were Miss Fannie Hardy, executive assistant commissioner, and Glen Sawyer, assistant commissioner and department counsel. Both questioned Mr. Jewell closely concerning the effects which the filing would have in its practical operation.

Edward L. Wright, Little Rock attorney, was on hand to represent the National Bureau along with Mr. Jewell, and Perry Whitmore, Little Rock, participated in the hearing as counsel for Arkansas Assn. of Insurance Agents.

—

Four New NAIIA Members

Cook Claim Service of Midland, Tex.; Vic Horn Adjustment Service of Mt. Pleasant, Tex.; Frank B. Leahy Co. of Seattle, and George M. Ruddy of New York have been admitted to membership in National Assn. of Independent Insurance Adjusters.

—

American Institute of Marine Underwriters and American Merchant Marine Institute have jointly made presentations of two builders plate from Liberty ships. The plate from the Oliver Kelley was presented to National Grange at its annual meeting in Worcester, Mass., and that from the Francis Parkman went to St. Marks School, Southborough, Mass.

reinsurance

intermediaries exclusively

FIRE • CASUALTY

STUYVESANT
INSURANCE COMPANY
established in New York in 1850

EXECUTIVE OFFICES 1105 HAMILTON STREET, ALLENTOWN, PA.

State Farm F.&C. Names Stites, Buffinton V-Ps, Also Raises 22 Others

State Farm F. & C. has named Robert C. Stites and Philip G. Buf-

Philip G. Buffinton

Robert C. Stites

finton vice-presidents. Mr. Stites joined the company in 1946 and has been successively fire manager, regional fire manager and assistant vice-president. Mr. Buffinton has been executive vice-president since he joined the company earlier in 1961.

Robert Deems has been advanced from service superintendent to senior analyst of procedures at the home office. Other promotions include the following:

At West Lafayette, Ind., Glenn Sears from assistant data processing superintendent to data processing superintendent, Donald Stanger from assistant claim superintendent to claim superintendent, Donald Houchin from service supervisor bookkeeping to service superintendent, Charles Smith from service specialist to service superintendent, Virgil Stewart from assistant agency records superintendent to agency records superintendent, and John McGinnis and Thomas J. Slanec from assistant division managers to division managers.

List Further Promotions

At Marshall, Mich., George P. Brown Jr. has been promoted from divisional claim superintendent to assistant division manager, Theodore Graebner and John H. Perry from assistant claim superintendents to claim superintendents, Carl Ryan from underwriting unit supervisor to underwriting superintendent, and Dale E. Gish from director of administration to regional life manager.

In Wayne, N. J., Joseph Dodds, assistant underwriting superintendent, has been named underwriting superintendent, and Robert W. Hunt, district manager, has been appointed director of education and training.

In Springfield, Pa., Kenneth Bosies has been advanced from district manager to assistant agency director, James Fischer from district manager to director of education and training, and John Pugaczewski from claim superintendent to divisional claim superintendent.

Also raised from claim superintendent to divisional claim superintendent are S. Foster Glass at Birmingham, Ala., and Charles Rice at Dallas. Carney Dobbs and William Watson have been promoted from assistant claim superintendent to claim superintendent at Birmingham and Santa Ana, Cal., respectively.

Switches To Non-Can

Service Life of Omaha on Dec. 15 will convert a number of policies issued from 1950 to 1956 on an optionally renewable basis to a guaranteed renewable basis without evidence of insurability or increase in premium. Announcement of the action is being sent to policyholders in the form of a rider to their coverage. All of the policies concerned are in the series of the $100 a week hospital policy which the company originated in 1950.

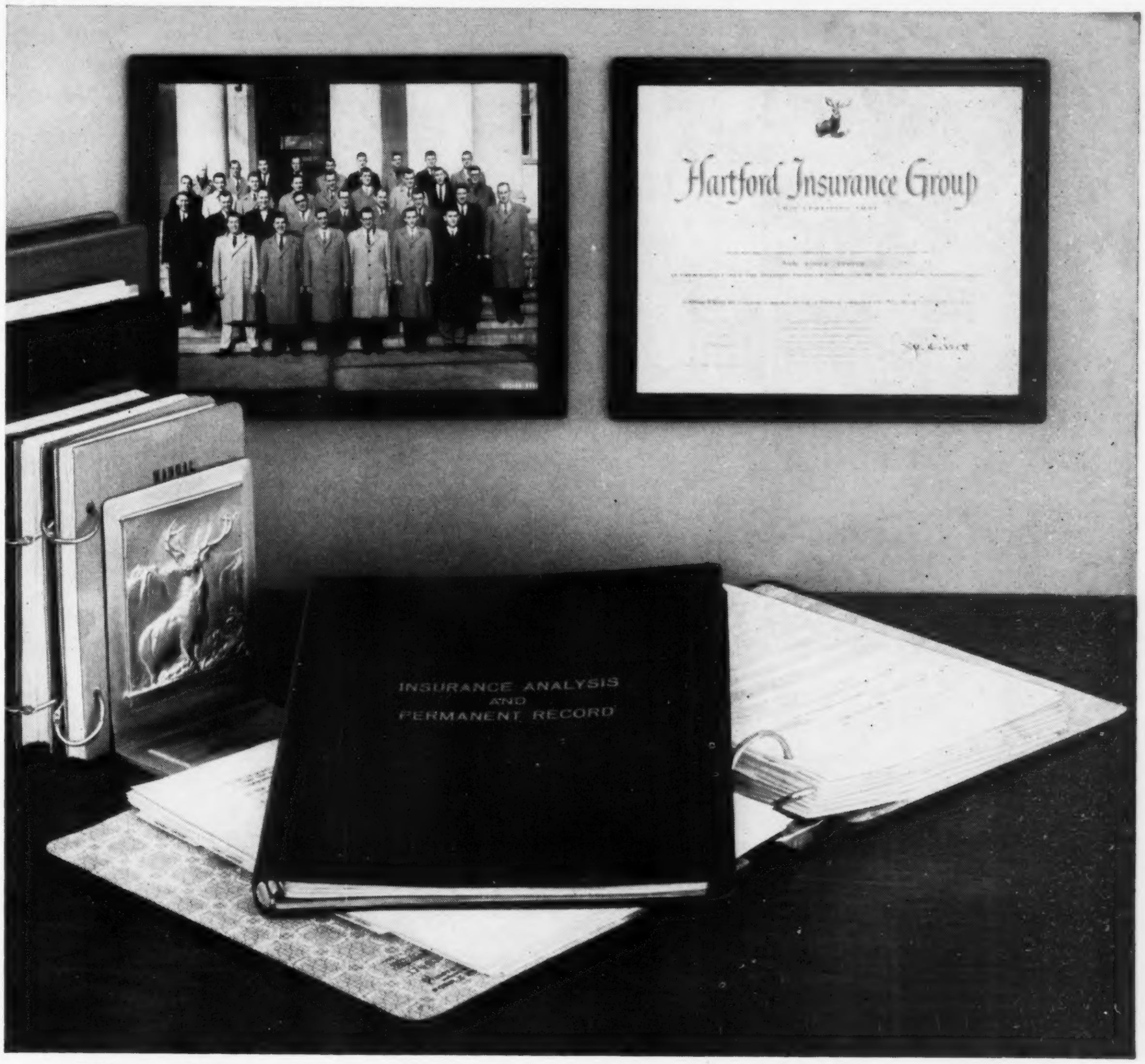
Service Life in the near future will issue a major hospital expense rider which may be attached to existing policies. This encompasses a $300 deductible. The company will pay 80% of all hospital expenses over $300 to a maximum of $5,000 in addition to the basic contract of $100 per week ($14.28 a day) and optional surgical or in-hospital medical expense.

Pacific Employers Earnings Rise In Third Quarter

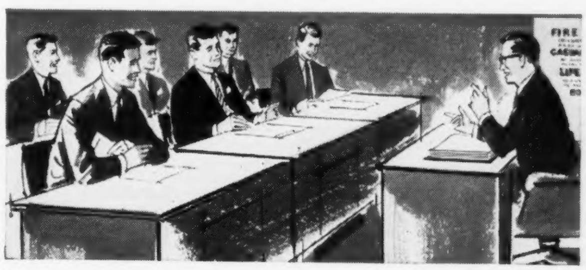
Third quarter earnings of $245,821 for Pacific Employers group pulled net income for the nine months ended Sept. 30 well ahead of 1960 figures. Consolidated net earnings in the first nine months, after provision for federal taxes and policyholder dividends, amounted to $485,654, or $1.22 per share on the 397,988 shares of Pacific Employers stock outstanding. This compares with $308,584, or 81 cents per share on 380,000 shares outstanding in 1960.

Total gross premiums written by the five companies amounted to a record $28,049,173, an increase of $1,368,666, or 5.13% over the same period last year. Capital and surplus increased $921,069 and reached $10,466,406, indicating a book value of $26.30 a share.

American Appraisal has opened a new office at 716 Johnston Building, Charlotte, N. C., with George W. Jones Jr. as contract representative.



The Hartford Training Center helps agents develop a reputation for well-planned insurance



At the Hartford Training Center, the Hartford Group Agent can discuss fire, casualty, life, health, marine insurance and bonds with the experts . . . and gain valuable experience solving protection problems.

Back home, the agent-graduate reaps the rewards of being trained professionally, equipped to plan and present protection programs for family, home, business, and institutions. His reputation grows . . . as does his agency.

THE HARTFORD
INSURANCE GROUP
Hartford 15, Connecticut

HARTFORD FIRE INSURANCE COMPANY • HARTFORD ACCIDENT AND INDEMNITY COMPANY • HARTFORD LIFE INSURANCE COMPANY • HARTFORD LIVE STOCK INSURANCE COMPANY • CITIZENS INSURANCE COMPANY OF NEW JERSEY • NEW YORK UNDERWRITERS INSURANCE COMPANY • TWIN CITY FIRE INSURANCE COMPANY

For Budget-Minded People

Today's insurance marketing is geared to the demands of the buying public. One such demand is that bills be budgetable in predictable, convenient payments — like mortgages and autos, television sets and clothes. That's why Royal-Globe created the RED SHIELD PREMIUM PAYMENT PLAN.

Budget-minded people prefer the RED SHIELD PREMIUM PAYMENT for three main reasons:

One, they don't have to sign for this plan — no notes are involved;

Two, they can pay monthly or quarterly;

Three, the service charge is minimal — $2.25 per $100 of annual premium on the monthly plan — $1.88 per $100 of annual premium on the quarterly plan.

Ask your Royal-Globe fieldman to tell you more about this new marketing aid — the RED SHIELD PREMIUM PAYMENT PLAN, now available in most states.

ROYAL-GLOBE INSURANCE COMPANIES New York 38, New York

YOUR Independent Insurance AGENT SERVES YOU FIRST

ROYAL INSURANCE COMPANY, LTD. · THE LIVERPOOL & LONDON & GLOBE INSURANCE COMPANY LTD. · ROYAL INDEMNITY COMPANY · GLOBE INDEMNITY COMPANY · QUEEN INSURANCE COMPANY OF AMERICA · NEWARK INSURANCE COMPANY · AMERICAN AND FOREIGN INSURANCE COMPANY · THE BRITISH & FOREIGN MARINE INSURANCE COMPANY LTD. · THAMES & MERSEY MARINE INSURANCE COMPANY, LTD.

Conventions

Dec. 27-29, American Risk & Insurance Assn., annual, New York City.

1962

Jan. 31-Feb. 4, Federation of Insurance Counsel, midyear, Grand Bahama Hotel, Grand Bahama Island.

Feb. 8-9, Conference of Mutual Casualty Companies, fire and inland marine conference, Conrad Hilton Hotel, Chicago.

Feb. 12-14, Health Insurance Assn., group insurance forum, Drake Hotel, Chicago.

Feb. 14-16, Michigan agents, annual, Sheraton-Cadillac Hotel, Detroit.

Feb. 22, Milwaukee I-Day, Schroeder Hotel, Milwaukee.

Feb. 22-24, Texas mutual agents, midyear, Commodore Perry Hotel, Austin.

March 5, Cleveland I-Day, Manger Hotel, Cleveland.

March 13, Pittsburgh I-Day, Hilton Hotel, Pittsburgh.

March 22-23, Conference of Mutual Casualty Companies, underwriting, Conrad Hilton Hotel, Chicago.

March 27-30, Pacific Insurance & Surety Conference, annual, El Mirador Hotel, Palm Springs, Cal.

April 8-10, Wisconsin agents, annual, Schroeder Hotel, Milwaukee.

April 9-10, Ohio mutual agents, annual, Biltmore Hotel, Dayton.

April 11-13, Southern Claims Conference, annual, Sheraton-Charles Hotel, New Orleans.

April 19-20, Missouri mutual agents, annual, Governor Hotel, Jefferson City.

April 20-21, Oklahoma agents, annual, Mayo Hotel, Tulsa.

April 26-27, Underwriting Executives Council, annual, Peabody Hotel, Memphis, Tenn.

April 29-May 1, National Assn. of Insurance agents, midyear, Western Skies Hotel, Albuquerque, N. M.

April 30-May 1, New York mutual agents, annual, Hotel Syracuse, Syracuse.

May 3-4, Conference of Mutual Casualty Companies, claims, Conrad Hilton Hotel, Chicago.

May 3-5, Louisiana agents, annual, Broadwater Beach Hotel, West Beach, Biloxi, Miss.

May 3-5, Tri-State mutual agents of Pennsylvania, Maryland & Delaware, annual, Du-Pont Hotel, Wilmington, Delaware.

May 6-8, Alabama agents, annual, Admiral Semmes Hotel, Mobile.

May 6-8, Iowa agents, annual, Hanford Hotel, Mason City.

May 7-9, Health Insurance Assn., annual, Denver Hilton Hotel, Denver.

May 7-11, National Assn. of Independent Adjusters, annual, Fontainebleau Hotel, Miami Beach.

May 8, Assn. of Casualty & Surety Companies, New York City.

May 13-16, New York agents, annual, Concord Hotel, Kiamesha Lake.

May 17-18, Arkansas agents, annual, Arlington Hotel, Hot Springs.

May 17-19, Mutual agents of Virginia & D.C., annual, Thomas Jefferson Inn, Charlottesville, Va.

May 19-25, Maryland agents, annual, sea voyage on Ocean Monarch.

May 21, National Assn. of Mutual Casualty Companies, annual, Edgewater Beach Hotel, Chicago.

May 21-23, American Mutual Insurance Alliance, Edgewater Beach Hotel, Chicago.

May 21-25, National Fire Protection Assn., Society of Fire Protection Engineers, and Fire Marshals Assn. of North America, annuals, Sheraton Hotel, Philadelphia.

May 24, National Board of Fire Underwriters, annual, Commodore Hotel, New York.

May 24-26, National Assn. of Surety Bond Producers, annual, Broadmoor Hotel, Colorado Springs.

May 27-3 American Assn. of Managing General Agents, annual, The Greenbrier, White Sulphur Springs, W. Va.

May 30-June 1, Florida agents, annual, Fontainebleau Hotel, Miami Beach.

June 3-6, Insurance Accounting & Statistical Assn., annual, Royal York Hotel, Toronto, Canada.

June 5-8, New Hampshire agents, annual, Mt. View House, Whitefield.

June 14-16, Mississippi agents, annual, Edgewater Gulf Hotel, Edgewater Park.

June 17-20, Conference of Mutual Casualty Companies, management, Jackson Lake Lodge, Jackson Hole, Wyoming.

June 18-22, National Assn. of Insurance Commissioners, annual, Queen Elizabeth Hotel, Montreal.

June 20-22, Georgia agents, annual, Corsair Motel, Jekyll Island, Ga.

June 20-24, National Assn. of Public Insurance Adjusters, annual, French Lick-Sheraton Hotel, French Lick, Ind.

June 21-22, Wisconsin mutual agents, annual, Alpine Hotel, Egg Harbor.

June 24-27, Insurance Advertising Conference, annual, The Lido Hotel, Long Beach, Long Island, New York.

June 24-27, International Assn. of Health Underwriters annual, Fontainebleau Hotel, Miami Beach.

June 25-28, Virginia agents, annual, Cavalier Hotel, Virginia Beach.

AMERICA'S OLDEST REINSURANCE GROUP

★

ADMITTED REINSURANCE

Fire • Casualty
Inland Marine
Fidelity • Surety

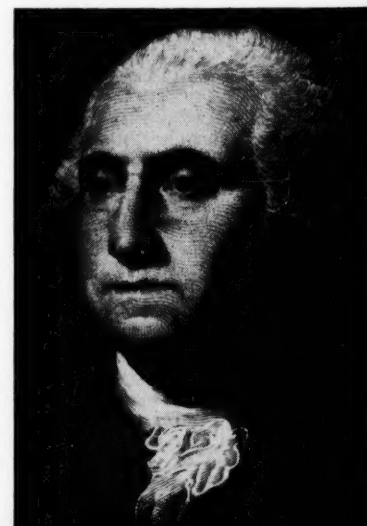
★

THE PRUDENTIAL INSURANCE COMPANY OF GREAT BRITAIN

THE SKANDIA INSURANCE COMPANY

THE HUDSON INSURANCE COMPANY

J. A. Munro, President
90 JOHN STREET
NEW YORK 38, NEW YORK
WOrth 4-0001



Through the years since 1799—agents have been pleased with the friendly cooperation of Providence Washington.

You do well when you sell PROVIDENCE WASHINGTON

THE COMPANY WITH QUALITY · INTEGRITY · FRIENDLINESS

20 Washington Place
Providence 1, R. I.

Ind. Department Lacks Men, Money: McClain

The state of the Indiana insurance department when he came back into office the first of this year was woeful, Harry McClain, commissioner, told members of General Agents & Managers Assn. of Indianapolis at their November meeting. Mr. McClain stressed that his statement is not an implied criticism of former commissioners. "It's a result of the fact that for decades the department has been a legislative step-child, starved for money," he explained. "For instance, when I took office in January, the personnel of the actuarial division of the department was exactly the same as when I left office 24 years ago."

The real problem as of now, he continued, is not money; it is obtaining qualified personnel. "If we can find the personnel, we will need more money, but the legislative budget committee has promised it will be forthcoming."

A special interest of the department is personnel that can analyze financial statements.

"Our job is not to strangle sick companies but to try to save them," Mr. McClain observed. "Any failures at all will reflect on everybody in the business. Where we find sick companies, we are trying to effect mergers and consolidations—and not the kind that consist of putting two dead horses together, either."

One big problem, the commissioner stated, is the fact that so many new companies have been formed as stock promotion schemes. When it comes time to run them as insurance companies, they don't have qualified personnel. The department is attempting to discourage formation of new companies by persons not qualified by experience to operate an insurance company.

The commissioner stressed that "98% of the companies operating in Indiana don't need any regulation at all. They go further than the law requires. It's only 2% that causes trouble; but remember that the public thinks of all companies on the same plane."

—

Dr. **Charles R. Williams** of Liberty Mutual is serving as a member of the advisory committee on reactor safeguards of Atomic Energy Commission.

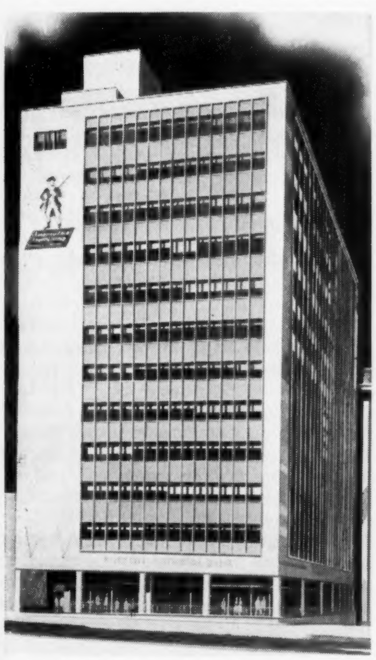
Reichle To Atlanta For Standard Accident

Standard Accident has appointed Louis W. Reichle manager at Atlanta. Following previous insurance experience beginning in 1945, he joined Standard Accident in 1951 as home office casualty underwriter and later that year was transferred in the same capacity to the Atlanta branch.

He remained there until 1953 when he returned to the home office, becoming assistant manager of the home office casualty underwriting department in 1954 and returning to Atlanta in 1955 as manager of the casualty and property underwriting department. He was appointed assistant manager there in 1960 and acting manager earlier this year. A CPCU, for five years he has been an instructor in the insurance school conducted by Georgia Assn. of Insurance Agents.

—

Worcester Mutual Fire has named John W. Coghlin, president Coghlin Electric Co., Worcester, a director. He is a director of the affiliated Guarantee Mutual Assurance.



Architect's drawing of America Fore Loyalty's new southeastern department headquarters at 161 Peachtree Street, N.E., Atlanta, which consolidates four offices previously maintained in the city. The group is occupying the top seven floors and basement of the 12 story structure. The move, on the weekend of Dec. 2, locates 600 employes in the most modern facilities, with cafeteria and lounge, a roof terrace, background music and a modern medical department. The southeastern division writes $45 million annually in Alabama, Florida, Georgia, Mississippi, the Carolinas and Virginia.

. . . RIGHT OUT THE WINDOW! That's what you'll do with all *other* budget plans when you start using Afco.

From the beginning, Afco takes all the confusion out of premium budgeting. Afco *eliminates* the different forms, different instructions, different rate tables you must use when you are involved with several individual company budget plans.

Afco gives you one convenient package for all policies and helps you sell more. Every day more and more agents find that Afco is the only answer. Write the Afco office nearest you.

AFCO

ATLANTA 1182 W. Peachtree St., N.W., Atlanta 9, Ga.
BALTIMORE 201 E. Baltimore St., Baltimore 3, Md.
CHICAGO 327 So. La Salle St., Chicago 4, Ill.
KANSAS CITY P. O. Box 8788, Kansas City 14, Mo.
LOS ANGELES 548 So. Spring St., Los Angeles 13, Calif.
MIAMI 1036 S. W. First St., Miami 36, Fla.
NEW YORK 100 William St., New York 38, N. Y.
SAN FRANCISCO 142 Sansome St., San Francisco 4, Calif.

XUM

MARSHALL TELLS BUYERS:

Popularity On Rise For Two Little-Used Group Health Plans

Although the business community has been slow to recognize the merits of two relatively new forms of group health insurance—voluntary accidental death and long term disability income—their popularity has suddenly been on the rise, Edwin H. Marshall, vice-president North America and its life subsidiary, Life of North America, said at a luncheon of Insurance Buyers Assn. of Pittsburgh.

"Probably not over 5% of the corporations represented here today now have either of these two programs," Mr. Marshall said. "Yet, I would warrant that within five years 50% of your firms will carry one or the other, in many cases, both."

Describing voluntary accidental death coverage, he explained the program as one whereby the corporation makes available to the employe high limits of ADB insurance which the employe may purchase at his own volition without any employer contribution to the plan.

Advantages Of Program

Among the advantages of the program, Mr. Marshall listed the following:

—The employe may voluntarily purchase any limit he chooses up to an agreed upon maximum, sometimes $100,000 and occasionally higher. The employe is not subject to a classification approach and is free to determine for himself whether he will buy and what amount.

—He will be covered regardless of health history. No individual underwriting is required.

—He will be insured without a fixed requirement of participation in the plan by a large number of his fellow employes. The plan goes into effect regardless of how many employes subscribe.

—The one requirement as far as the employer is concerned is that he permit the employe to pay the low premium charge through payroll deduction.

—Due to mass marketing, the premium cost is considerably less than it would be if the plan were sold individually.

—The employe has all these advantages without any employer contribution.

Long Disabilities

The long term disability income plan, otherwise known as long term salary continuance disability insurance, is designed to solve the financial problems resulting from disability of very long duration arising from either accident or sickness.

"It is designed to do precisely what traditional group insurance, workmen's compensation and social security disability benefits don't do. It begins where they leave off," Mr. Marshall said.

It offers high limits as well as long durations of income required by the middle and high salaried employes. Characteristic features of the plan are:

—Eligible groups usually consist of salaried employes in positions of responsibility, but the plan may be broadened to include other employe groups.

—True group principles operate generally. Usually 75% of the eligible group must participate. No individual health underwriting is involved when the entire group is accepted.

—Benefits provide for the payment of a weekly income during disability resulting from accident or sickness, occupational or non-occupational in origin.

Duration Varies

—Duration of benefits varies from two years to payment to age 65.

—Waiting periods may vary from 14 days to one year. Waiting periods may be made as flexible as desired in order to mesh with short term salary continuance practices of individual firms or to mesh with other existing insurance or government benefits.

—Benefits run as high as $150 a week, even higher, and are usually limited by a maximum percentage of the employe's salary such as 50% or 60%. Frequently considerably higher benefits are provided during the first year or two, the adjustment period.

—Benefits should be meshed with underlying insurance of all types.

—Employer contribution is naturally desirable for securing 75% participation. If, however, the group is restricted to responsible employes, employer participation may be eliminated provided payroll deduction is supplied.

—The cost of coverage is materially below that of individual plans, a rough rule of thumb being something under 1% of the employe's salary.

—

Roy H. Jacobson has joined West Bend Mutual as underwriting manager at Minneapolis. He has been fire underwriting manager for Minnesota and North and South Dakota for Mutual Service group.

Security

...what's in it for you?

SECURITY INSURANCE GROUP

Strength.... Policyholder's Surplus ...... $ 50,323,254.*
Assets .... $220,887,983.*
* July 31, 1961, Connecticut basis

Stability.... one of the oldest Connecticut full-line stock companies. A group of well-established, reputable names with universal acceptance. Together, they add up to hundreds of years of pioneering and service in insurance.

Success.... during the past five years alone, Security Insurance Group has grown to over four times its previous size. And this isn't growth for the sake of growth—it represents solid, substantial success based on realistic underwriting.

Service..... streamlined, fast service — finest claims service . . . this is the formula which leads to satisfaction and more sales volume.

Saleability... contingent-commission and profit-sharing contracts for qualifying business. Policies priced to meet direct writer competition, shaped to sell with modern features like monthly payments and deviated policies.

Founded in 1841, and as modern as tomorrow, the Security Insurance Group is the single source for all these lines: life • accident • fire • casualty • group • automobile • marine • bonds and all other forms of personal and business insurance.

Security Insurance Group

FOUNDED 1841 — SECURITY IS OUR PRODUCT

Security Insurance Company of New Haven
New Amsterdam Casualty Company
United States Casualty Company
Connecticut Indemnity Company
Founder's Insurance Company
Fire & Casualty Insurance Company of Connecticut
Security-Connecticut Life Insurance Company

University of Illinois students Ned Hummer and Gary Lichtenwalter receive the first G. A. Mavon memorial scholarship awards from George J. Nicoud, executive manager and secretary Illinois Assn. of Insurance Agents. Waiting to congratulate the winners is Prof. Paul Van Arsdell, head of the university's department of finance. Named for the founder of Chicago's G. A. Mavon & Co., the two $500 awards are to be made yearly to an Illinois junior and senior for scholarship and interest in insurance agency work as a career. The association presented the scholarships in behalf of member Phillip Mavon, who established the annual awards in his father's name.

Unnecessary Surgery, Too Many Beds Seen As Causing Rising Costs Of Blues

Dr. Ray E. Trussell, New York City hospitals commissioner, has charged that the high cost of Blue Cross-Blue Shield plans is due in large measure to unnecessary surgery and the construction of more hospital facilities than is needed, often by institutions run for a profit.

Dr. Trussell testified at hearings conducted by the New York State joint legislative committee on health insurance plans, the Metcalf committee.

He told the committee, which is studying the operation of the Blues, that a report on the quality of medical care, which will be submitted to the state within the next few months, will give "some unbelievable descriptions of unnecessary surgery" in non-accredited hospitals.

Dr. Trussell also said he believed the New York City Blue Cross faced a grave problem in the building of more hospitals for profit than were needed.

"Too many beds encourage unnecessary hospitalization and may indeed be a threat to the health and welfare of the public," the commissioner said. He also pointed out that they may add to the over-all costs of the Blue Cross plan.

Rogers And McDaid To Buffalo In N.Y.

Buffalo has named James P. Rogers special representative in suburban New York and Harry F. McDaid staff adjuster in the New York counties of Westchester, Queens and Rockland.

Mr. Rogers worked part time for Royal-Globe while attending college. He was an automobile underwriter with Great American from 1948 to 1952 when he joined North America where he held home office positions and later traveled Queens, Nassau and Suffolk Counties in New York.

Mr. McDaid has been with American Surety 10 years as a claim adjuster in New York.

Seattle Blanket Club Elects

Patrick J. Bowling, Gould & Gould, has been elected president of Seattle Blanket Club. Also elected were: Fred McGrazia, Lipman & Esfeld, vice-president; Larry Weston, U. S. F. & G., secretary, and Duane Moe, General of Seattle, treasurer.

R. P. Bailey manager Hartford Steam Boiler, discussed boiler and machinery coverages.

Servey Retiring After 31 Years With United Pacific, Allen New Tacoma Manager

Mark J. Servey will retire Dec. 31 after 31 years with United Pacific, 16 as manager at the Tacoma branch office. Arthur A. Allen, assistant manager, has been named to succeed him.

Mr. Allen joined United Pacific at Seattle in 1953, after having been associated with his father in a Tacoma agency for three years. He was transferred in 1956 to the Tacoma branch and shortly thereafter became assistant to Mr. Servey.

Mission of San Francisco has begun writing substandard fire in Missouri. Both protected and unprotected dwellings and apartments are acceptable with maximum limit of liability on any one risk $15,000. The company pays a 20% commission on these coverages.

MUNICH REINSURANCE COMPANY
UNITED STATES BRANCH
MUNICH REINSURANCE COMPANY U.S. BRANCH NEW YORK
Multiple Line Reinsurance
EXECUTIVE OFFICE
410 PARK AVENUE • NEW YORK 22, N. Y.
SOUTHERN DEPARTMENT ATLANTA
MIDWEST DEPARTMENT CHICAGO

State Farm Appoints Midwest Management, Also Promotes Others

State Farm Mutual Auto has completed its regional office management decentralization program with the appointment of a management team at the midwestern office in Bloomington, Ill. Raymond D. Danielson, Illinois state director, has been advanced to regional vice-president in charge of operations in Illinois and Iowa. Arthur V. Eiff, resident manager at Bloomington, and Lester W. Luehrs, assistant state director in Illinois, have been raised to deputy regional vice-presidents.

List Further Promotions

Also promoted are Harry Simpson from district manager at Baltimore to agency director in Michigan, John Terndrup from assistant general underwriting superintendent to underwriting superintendent at the home office, Harold Hubbell from property claim supervisor to property claim superintendent at Charlottesville, Va., and Philip B. Alva from assistant claim superintendent to claim superintendent at Berkeley, Cal.

Shirley Promoted By Fireman's Fund

Fireman's Fund has named Russell M. Shirley bond and burglary specialist for Virginia and North Carolina with headquarters at Richmond. He has been in the underwriting department at Atlanta as well as in the Alabama, Georgia and Mississippi fields.

Group Hospital Services To Write 220,000 Texans On Public Welfare Rolls

AUSTIN—Some 220,000 Texans over 65 who are public welfare recipients on the state's old-age assistance rolls are to be covered under a group hospitalization and surgical policy written by Group Hospital Services of Dallas, the Texas Board of Public Welfare reports.

A premium of $8.68 per month per member will provide a $10 a day hospital room charge for 15 days and $5 a day thereafter. It contains a $200 schedule surgery benefits and pays all the costs of hospital ancillary services the first 15 days and half thereafter. In many cases patients can then be transferred to nursing homes, for which benefits are provided under another state-administered program.

Only four of 15 companies approached by the welfare department indicated sufficient interest to make preliminary proposals, and only three submitted final proposals. The plan carries with it a clause allowing the company 3% for administration of the program.

$3,500 In Prizes For HS Contest On Safe Driving

Insurance Information Office of Pennsylvania is sponsoring an essay contest for the high school students of that state on the subject of safe driving. The first prize is $1,000 in cash or as a scholarship, with $2,500 in additional prizes. Closing date is Jan. 1.

The contest is being conducted under the direction of the English department or driver education division of each school. All research must be done by the student. Top prizes will be awarded during the governor's highway safety conference in Harrisburg in May.

Richard M. Zitmann Joins Great American

Richard M. Zitmann has joined Great American as assistant superintendent of the inland marine and multiple-line department at San Francisco.

St. Lawrence Appoints

Edward Werner

St. Lawrence group of Chicago has appointed Edward F. Werner production manager of its casualty, life and A&S divisions. He was formerly for 13 years with America Fore Loyalty group as a special agent. He is a past president of Cook County Field Club.

New Philadelphia Telephone Directory

The Philadelphia Insurance Directory has just been published by the National Underwriter Co. It provides the names, addresses and telephone numbers of persons active in Philadelphia insurance. Copies may be obtained from the National Underwriter Co. at 420 East Fourth Street, Cincinnati 2, Ohio. Price $1 each.

Zurich Promotes Two In Executive Posts

Zurich has promoted Walter J. Gatherer from assistant secretary to secretary. James Bowling, assistant secretary and administrative officer of Zurich-American Life, has been additionally named assistant secretary of Zurich and American Guarantee.


Walter J. Gatherer

Mr. Gatherer joined Zurich as manager at Cleveland in 1958. He was previously manager for American States and before that for Fireman's Fund. Mr. Bowling went with Zurich as assistant secretary and administrative officer early in 1961. His 25 years in the business include posts with Valley Forge Life, Fidelity Life, Income Mutual Life and Hoosier Casualty.

Mutual Of Omaha Names Charles Arnold

Mutual of Omaha has named Charles M. Arnold general agent at Cape Girardeau, Mo.

Mr. Arnold joined the company's sales force in 1948 in Kentucky. In 1950 he became an assistant district manager and was later promoted to district manager at Danville, Ky. In 1959 he was appointed unit manager for Mutual of Omaha at Indianapolis. Mr. Arnold will handle sales for southeast Missouri and southern Illinois.

GAB In Fire Changes

General Adjustment Bureau has appointed Frederick P. Jellison regional manager at Paterson, N. J., to succeed Robert F. Stumpf, who resigned to organize an independent adjusting firm. Frederick Banks moves up to Mr. Jellison's former post at Hackensack as branch manager. Mr. Banks was formerly manager at Lawrence, Mass., where he is replaced by Donald A. Spinney.

Elmer C. Fay has been named manager at Hyannis, Mass., to succeed Edward W. Collins, who has been named to the staff at New Bedford.

Mr. Jellison, who will supervise Hackensack, Jersey City, Morristown, Newark and Paterson, has been with GAB since 1948. Mr. Banks joined the organization in 1947, Mr. Spinney in 1948, and Mr. Fay in 1960.

F. W. Braun Retires From Employers Mutuals, Wausau

Frederick W. Braun has retired as vice-president in charge of accident prevention of Employers Mutuals of Wausau. He joined the company 46 years ago as head of the engineering department. Recently he was presented the only distinguished service to safety award conferred by National Safety Council in 1961. Around the same time, American Society of Safety Engineers elected him a fellow, an honor bestowed on only eight other persons in the society's 50-year history.

Mr. Braun has been president of Wisconsin Council of Safety and of American Society of Engineers, and director of Wisconsin Street & Highway Safety Council, as well as chairman of the following organizations: Industrial conference of National Safety Council, casualty engineering committee of National Assn. of Mutual Casualty Companies, and committee on programs and services of the President's Committee on Industrial Safety. He was instrumental in founding the safety department of the Wisconsin Highway Commission, Marathon Council of Safety, and Wisconsin River Valley Safety Conference.

Ill. Hardware Alumni Assn. Holds Third Annual Meeting

Concurrent with the annual meeting at Peoria of Illinois Assn. of Mutual Insurance Agents, Illinois Hardware Alumni Assn. held its third annual get-together.

Ray Ringle, Belleville, was named president and Dale Trees, Roberts, was reelected secretary-treasurer.

A dinner meeting and reception was held to honor Claude Spencer, Danville, newly elected president of National Assn. of Mutual Insurance Agents.

Mississippi Approvals

Mississippi has approved Allstate's non-can automobile liability program. The commission also approved a rating plan for substandard auto risks for Mississippi Farm Bureau Mutual and a 20% increase in liability rates on commercial vehicles for Southern Farm Bureau Casualty.

Other filings approved included the state rating bureau's filing of a 20% discount on the special office building package form and a reduction in the premium required for eligibility in the public and institutional property plan from $1,000 to $500. The latter will permit inclusion in the PIP program of low rates properties such as fire resistive schools, hospitals, and churches.

Ga., Pa. Firms Affiliate

Underwriters Reinsurance Service of Atlanta has become affiliated with Booth, Potter, Seal & Co., Philadelphia reinsurance intermediaries. The Atlanta firm is engaged exclusively in reinsurance and operates principally in the southeast.

Hartford Steam Boiler has elected Hoyt C. Pease, vice-president manufacturing of Stanley Works, New Britain, Conn., a director.

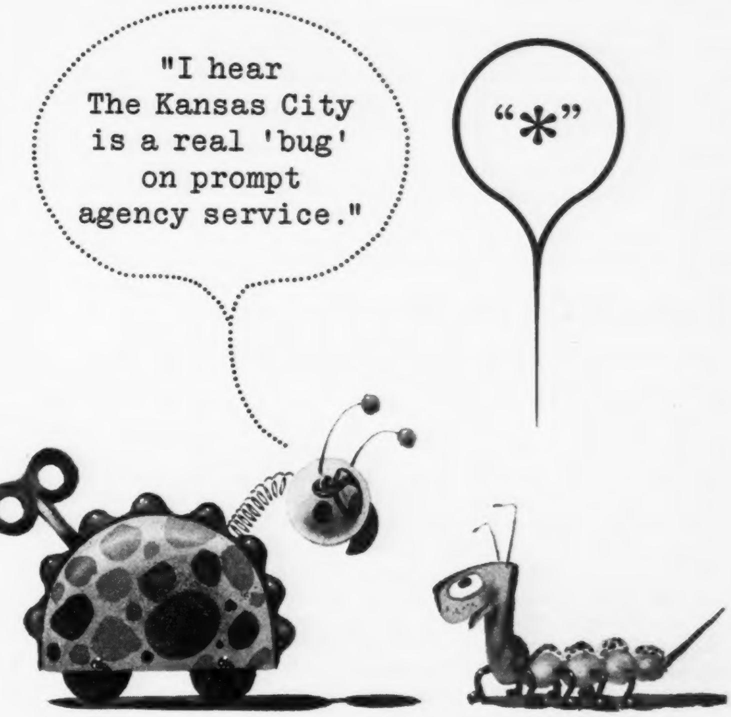
Floyd West Promotes 11 In Home Office, Field

Floyd West & Co., of Dallas has advanced Allen Farmer to manager of the newly created property department, Harold Bell to fire manager; Paul Richards to superintendent homeowners and multiple-peril section, Ernest Mullenix to marine department superintendent, with William Scarborough as assistant, Robert Cramer to casualty production manager, and Samuel Clemmons to assistant manager agency and production department.

J. D. Wyson, Richard Gower and William Martin were named managers at San Antonio, El Paso and Corpus Christi, respectively. Alan Senior was appointed assistant manager at Dallas.

F. & D. Names Munro

Fidelity & Deposit has promoted Deane R. Munro from special agent to assistant manager at Omaha. He has been with F. & D. in Omaha since 1951.



* *They don't consider it cricket to make an agent wait for the service he deserves.*

THE KANSAS CITY FIRE AND MARINE INSURANCE CO. 301 WEST 11TH ST., KANSAS CITY, MO.

A Member of the Glens Falls Group of companies.

Service Guide

BOWLES, ANDREWS & TOWNE, Inc.
ACTUARIES
MANAGEMENT CONSULTANTS
LIFE—FIRE—CASUALTY
EMPLOYEE BENEFIT PLANS
RICHMOND ATLANTA NEW YORK
PORTLAND DALLAS MIAMI

CONFIDENTIAL NEGOTIATIONS FOR SALE OF INSURANCE COMPANIES
Ralph F. Colton
30 N. LaSalle St. Chicago 2, Ill.
Financial 6-9792

O'TOOLE ASSOCIATES
Incorporated
Management Consultants to Insurance Companies
Established 1945
220-02 Hempstead Avenue
QUEENS VILLAGE 29, NEW YORK

Established 1903
NATIONAL INSPECTION CO.
309 West Jackson Boulevard
CHICAGO 6, ILLINOIS
Service to *Stock Fire Insurance* companies for *58 years.*
Inspections and Underwriting Reports
Peder A. Pederson, *Manager*
Charles H. Strong, *Ass't. Manager*
Kurt G. Wintermeyer, *Chief Inspector*

Editorial Comment

Is Insurance A Commodity?

"The client-building concept (of agent-distribution) seems to have become old fashioned, although to their credit there are still a good many successful agents who refuse to be taken in by the new look which has come into insurance distribution.

"The new packaged plans, many with company brand names, seem more readily merchandised and lend themselves to the kind of advertising which ad men understand. The advertising industry understands better how to advertise patent medicines than the less tangible appeal of the integrity of the company which distributes its products solely through professional practitioners.

"Product advertising lends itself to competitive pricing, and we have had an epidemic of ad campaigns which concentrate on discount for size, now an almost universal practice in our business.

"Product advertising lends itself to sales promotion and quick sales training. . .

"It remains to be proven that this method of merchandising will create more sales from broader markets. If we carry the process to its ultimate conclusion, however, the agent is relegated to a role which is scarcely better than that of the sales clerk behind the counter who wraps up the merchandise, rings up the sale, and makes change."

This sounds like a talk directed to local, independent property and liability insurance agents. It isn't. It is part of a speech delivered by W. Eugene Hays, general agent of New England Life at Boston, to the annual meeting of Life Insurance Agency Management Assn. in Chicago.

Mr. Hays went on to say that when merchandising emphasis shifts from salesman to advertising, companies are forced to turn out a new product at regular intervals, or a new design of an existing product. This leads to the concept of "product obsolescence" and "planned obsolescence," which contributes "to undermining the moral fiber of the sales forces and could result eventually in a loss of public confidence which has taken years to build."—K. O. F.

Toehold On Profit

Heartening news for automobile underwriters comes from England. Writing in the British Medical Journal, Dr. Alfred Alexander maintains that drivers with bare feet are more alert than those with their shoes on. He advises the drowsy motorist to slip off his shoes and socks as a guarantee of staying awake and averting tragedy.

This may be a relief to auto specialists who have been concerning themselves with safe driver plans, traffic safety, seat belts, and other technical considerations to improve the underwriting results. If they follow Dr. Alexander's advice they can substitute for their other efforts a brightly colored policy sticker, decorated with 10 toes and stating: "Shuck Your Shoes And Keep Your Rate Down."

This simple remedy also points the way to new territories for automobile underwriting: Hillbillies are obviously the ideal insured. Companies may wish to consider giving their agents concentrated courses in mountain climbing so they can go after these prospects. Farmers already get a 30% discount. Maybe one of the reasons is that insurers subconsciously see them as Huckleberry Finns sans shoes.

It's an ill wind that aids no one. The adverse impact on the shoe and sock industries, if Dr. Alexander's idea takes a toehold in the U.S., will be counterbalanced by the blissful benefits to insurers. Not far behind them will be chiropodists and the bunion remedy peddlers. On balance, the entire economy would likely remain on its present footing, albeit bare.

Dr. Alexander has also unwittingly provided a guide to identification of the "at fault" driver in highway accidents. If two drivers leap out of their cars brandishing their fists following a crash, it won't take a Solomon to realize that the unshod one, stepping gingerly over the asphalt, is probably innocent. The villain with shoes on likely w[illegible] dr[illegible]wsing.—J.N.C.

Deaths

EDWARD P. McLEOD, 58, Sanford, N. C., local agent, died there.

GERARD F. THOMAS Sr., 71, local agent at Natchitoches, La., for many years, died there.

H. J. FINERFROCK, local agent at Harrisburg, Pa., and secretary-treasurer of the local association, died there.

MICHAEL J. CLOSS, 62, retired assistant U.S. manager of Atlas Assurance, died at his home in Manhasset, N.Y.

L. C. PICNOT, head of Picnot Adjusting Co., San Antonio, died. He had been engaged in adjusting for more than 30 years.

OSWALD T. RAMSEY, 59, vice-president and treasurer of Northern of New York, died of a heart ailment at his home in Woodhaven, N. Y., after a long illness.

GUSTAVE A. KYRO, 42, manager of the office administration department of Royal-Globe, died suddenly at his home in New York. He had been with the group since 1946.

MELVIN F. FROH, 48, in charge of A&S claims for Kemper group at Chicago, died in a hospital in Evanston. Mr. Froh had served in claim, production and sales positions with the Kemper organization since 1945

JOHN H. BODDINGTON, 77, retired New England field man for Excelsior, died in the hospital at St. Petersburg, Fla., after a short illness. He had been special agent in New England for Automobile Ins. Co. and later an independent adjuster before joining Excelsior in 1939. He retired in 1949.

P. W. BIERSTEIN, 93, local agent at Shenandoah, Pa., and a member of National Assn. of Insurance Agents since 1900, died there. He was past president of his local association and an honorary life member of the Pennsylvania association, which he had served as a director.

WALTER L. HARTUNG, 70, vice-president American Indemnity, died at St. Mary's Infirmary in Galveston. Mr. Hartung joined American Indemnity in 1915. He was also vice-president of American Fire & Indemnity and secretary of Texas General Indemnity.

WILBUR C. STEPHENS, 53, claim superintendent in Florida for U.S.F.&G., with headquarters at Jacksonville, died, He had been with the company for 34 years, in Jacksonville since 1924. He was founder and a past president of Jacksonville Claims Assn. and a member of Claims Managers Council.

Personals

A. Herbert Nelson, president A. Herbert Nelson & Co., insurance underwriters, Minneapolis, a director of Lutheran Brotherhood Life and Se-

curity Life of Minneapolis, and a former commissioner of Minnesota, combined attendance at this week's meeting of National Assn. of Insurance Commissioners at Dallas with his honeymoon. Mr. Nelson married Mrs. C. Eleanor Petersen last Friday at Central Lutheran Church in Minneapolis. The Nelsons will make their home in Hudson, Wis.

John T. Harding, vice-president Standard Fire of New Jersey, is recuperating in Mercer Hospital, Trenton, after a coronary attack which followed an operation.

H. B. Nelson, head of the H. B Nelson agency at Freeport, Ill., is celebrating his 50th year in insurance. He started with Illinois Life in 1911 and a few years later he became general agent of Equitable Life of Iowa. In 1927 he was made the first general agent in Illinois of Northwestern National Life, and he is still representing that company as well as acting as general agent for Hoosier Casualty for A&S and hospital business.

THE NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

ABC

Published by The National Underwriter Co.

EDITORIAL OFFICE
17 John St., New York 38, N. Y.
Tel. BEekman 3-3958 TWX NY 1-3080
Kenneth O. Force, Executive Editor
John N. Cosgrove, Associate Editor
Jud Higgins, Assistant Editor

CHICAGO EDITORIAL OFFICE
175 W. Jackson Blvd., Chicago 4, Ill.
Tel. Wabash 2-2704 TWX CG 654
John C. Burridge, Managing Editor
Assistant Editors, William Faltysek and R. R. Cuscaden
Marjorie Freed, Barbara Swisher and Nancy Wells, Editorial Assistants

OFFICERS
John Z. Herschede, President
Louis H. Martin, Vice-President
Kenneth O. Force, Vice-President
H. P. Gravengaard, Vice-President
Robert B. Mitchell, Vice-President
George C. Roeding, Vice-President
James C. O'Connor, Secretary
Joseph T. Maloney, Treasurer

ADVERTISING OFFICE
175 W. Jackson Blvd., Chicago 4, Ill.
Tel. WAbash 2-2704 TWX CG 654
Raymond J. O'Brien, Advertising Manager

BUSINESS OFFICE
Charles P. Woods, Sales Director
420 E. Fourth St., Cincinnati 2, Ohio

REGIONAL SALES MANAGER
Fred Baker, Atlanta
Paul Blesi, Cleveland
Alfred E. Cadis, Dallas
David Chapman, Des Moines
William J. Gessing, Detroit
Clarence W. Hammel, New York
Roy H. Lang, Boston
James E. McSurely Jr., New York
Howard J. Meyer, Minneapolis
William D. O'Connell, Chicago
Raymond W. Rieke Jr., Los Angeles
George C. Roeding, Cincinnati
A. J. Wheeler, Chicago
Ronald W. Taylor, Boston
Robert J. Wieghaus, Chicago
George E. Wohlgemuth, St. Louis
Willis H. Yocom, Denver
Robert I. Zoll, Philadelphia

SUBSCRIPTIONS: Address all communications to the National Underwriter Co., 420 East Fourth Street, Cincinnati 2, Ohio. Price $7.50 a year (three years $20); Canada $8.50 a year (three years $23); foreign $9 a year (three years $24.50). 30 cents a copy, back copies 50 cents. CHANGE OF ADDRESS: Enclose address sticker and Post Office form 3579 with new address, send to 420 East Fourth Street, Cincinnati 2, Ohio. Allow three weeks for completion of change.

Comments On The Insurance Field From The Investment Dealer's Chair

By LEVERING CARTWRIGHT

Cartwright, Valleau & Co., Board of Trade Building, Chicago

The insurance stock list tilted downwards last week for a change, although there were some strong points. Most of the retreat came Friday when the Big Board was going strong. Profit taking accompanied by professional selling by traders is probably the explanation.

Conn. General Life plummeted 24 points for the week, down to the point (296 bid) at which it bottomed following announcement of its Aetna Fire program. Aetna was off 3.

Feature of the week on the upside was Kansas City Life, which at 2950 bid, was higher by a cool 225 points. Monumental Life broke into the 100 range and closed at 103 bid, up 8. Jefferson Standard became almost a $100 item and went to 98 bid. Gulf Life was all buyers and at 50 was up 6. Life & Casualty was strong and some 2 points higher.

— | | | —

Bankers National Life took off this week in spectacular style rising 10 points to 74 bid and Banlife Corp. was up about 130 points to 530.

Aetna Life was down 3, Lincoln National 6 and Travelers 9. Franklin Life was minus 4, B. M. A. slid 15 after its recent fast runup.

Ins. Co. of North America tumbled 4 on the American Stock Exchange. Reliance Insurance was off 2. Other losers in the fire-casualty list included General Reinsurance 5, Great American 4, Hartford Fire and Home 2½ each, Northern 2, U. S. F. & G. 4.

Bucking the downtrend were Employers Group, plus 1½; Glens Falls, 1; Hanover 1¾; New Hampshire 3, Northwestern National, 3.

— | | | —

Kentucky Central Life & Accident developed strength in the after market. (There had been a 400,000 share offering.) It was being aggressively retailed and got as high as 18, ex-dividend 20 cents. The issue was released at 14¾. Lincoln Liberty Life retreated about 2 points to 13. This action followed the recent 200,000 share offering at 9½. Lincoln Income Life was all on the bid side at 25½ on the eve of the release of 45,000 shares of estate stock.

North American Life of Chicago advanced rapidly on announcement of the proposed 10% stock dividend and went as high as 33, up about 4 for the week. United of Chicago also kept going, to 79 bid, up 16 points from recent levels. There was considerable activity in Pioneer Life & Casualty, following consummation of its acquisition of Home Owners Life of Fort Lauderdale. It closed the week at 11 bid, up about 1½ points. Ohio State Life was wanted again and recovered to 69 bid, an improvement of 3.

Word that St. Paul F.&M. has acquired Birmingham F.&C. caused inquiries on stock of the latter However, this is closely held and there was no stock available. It has been quoted nominally in the past few months at 24 bid.

Surety Loss In Bank Embezzlement May Total $1 Million

Federal investigators have charged Joseph J. Chilla, chairman Liberty Savings & Loan Assn., Whiting, Ind., and his brother Benedict, secretary-treasurer, of embezzling large sums of money from the association over a period of 22 years. A potential loss of $1 million has been estimated. U.S.-F. & G. wrote the coverage.

The warrant charges Joseph Chilla specifically with misapplying a $3,000 loan payment and not crediting the amount to the loan account. His brother has been charged with making a false entry in a monthly report to the directors.

The FBI was called into the case after examiners noticed discrepancies in the association's books. An investigation showed that the brothers kept a separate ledger apart from the regular books and records open to examiners. In the secret book according to an FBI representative, they recorded bona fide depositors' savings accounts which were used to divert funds. Deposits were entered in the secret ledger and an accurate account of accrued interest was kept, he said.

When a depositor listed in the secret ledger drew out his balance or his interest, the FBI man said, the amount was paid from other bank sources and a new depositor's money was recorded in the secret ledger.

—

All-Star of Milwaukee has been licensed to write fire in Montana.

N. Y. Calls Hearing On Bureau HO, Also Eyes Competitors

Superintendent Thomas Thacher has issued an order for New York Fire Insurance Rating Organization, National Bureau, and Inland Marine Insurance Rating Bureau to show cause why he should not require appropriate rate adjustments in homeowners and tenants policies.

In the meantime, NYFIRO Nov. 27 filed with the department a new homeowners program with substantial reductions in rates for most homeowners and with moderate increases where experience indicates their need.

NYFIRO has had a revised homeowners program, including forms one through five, on file with the department since March 22, 1960. The program was revised and refiled Nov. 27. It calls for a reduction in premium levels of 8.4% though changes indicated by the department appear to produce a reduction of only 1.8%, according to NYFIRO.

A hearing on the superintendent's order will be held Dec. 15 at the department's New York City office. The action is regarded as a test of the state's freedom of contract law, which prohibits commission modification by way of a rate filing.

An unusual feature of the superintendent's action is that though the homeowners rates of other rating organizations and insurers are not the subject of this proceeding, nevertheless the department has commenced separate proceedings to review and adjust such competing rates where necessary. These proceedings will be the subject of hearings, where required, after the Dec. 15 hearing.

The department points out that on $51 million of homeowners A premiums earned in the state in the five years ended with 1960, the loss ratio was 35.3, which indicates a 29.4% decrease in rates. On homeowners B, including the tenants form, premiums were $78.5 million, loss ratio 43.8, and indicated a decrease of 12.4% On C, however, with $41.3 million of premiums, the loss ratio was 76.2, indicating an increase in rate of 52.4%.

This exhibit uses a permissible loss ratio of 50, 5% for profit, and 45% for other expenses including 25% for commissions. Premiums are taken from reports of National Board, Transportation Insurance Rating Bureau, and National Assn. of Independent Insurers except that NAII's 1960 experience has not yet been received.

—

Commissioner Gold of North Carolina has approved National Bureau's request for changes in excess limits rates on two classes, effective Nov. 2. OL&T rates are decreased 6.3% and M&C rates are increased 8.8%. There were no changes in rate on basic amounts.

Stocks

By H. W. Cornelius of Bacon, Whipple & Co., 135 S. LaSalle St., Chicago, Dec. 5, 1961

	Bid $	Asked $
Aetna Casualty	152	158
Aetna Fire	156	160
American Equitable	26	27
American, Newark	30¼	31½
American Motorists	31½	34½
Boston	43	44½
Continental Casualty	108	110
Crum & Forster	54½	56
Federal	77½	79½
Fireman's Fund	65½	67
General Re.	185	195
Glens Falls	52	54
Great American	61½	63
Hartford Fire	87	90
Hanover	61½	63
Home of N.Y.	65	67
Ins. Co. of No. America	107	110
Jersey Ins.	41	Bid
Maryland Casualty	48	49½
National Fire	164	Bid
National Union	50	52
New Hampshire	80	83
North River	51	53
Ohio Casualty	35	37
Phoenix, Conn.	133	137
Prov. Wash.	27½	29
Reins. Corp. of N.Y.	29½	Bid
Reliance	72	75
St. Paul F. & M.	93	95
Springfield Ins.	45½	47
Travelers	170	175
U.S.F.&G.	76	78
U. S. Fire	43½	45½

Reinsurance Brokers

EXCLUSIVELY

More than a quarter century of constant progress and growth through unexcelled personalized service to insurance companies.

FIRE • WINDSTORM
HAIL • AUTOMOBILE
CASUALTY • BONDS
MARINE • LIFE
ACCIDENT AND HEALTH

A. E. STRUDWICK CO.

MINNEAPOLIS OFFICE
A. B. STRUDWICK W. H. KERN J. A. BIRKLAND
R. F. O'CONNOR J. L. KING M. D. MELBOSTAD
F. KRISTIANSSON
810 Baker Building, Minneapolis 2, Minnesota

CHICAGO OFFICE
H. A. GOETZ J. L. SCHELLIB
208 South LaSalle Street, Chicago 4, Illinois

LIFE IS SERVICE . . . THE ONE WHO PROGRESSES IS THE ONE WHO GIVES HIS FELLOW BEINGS A LITTLE MORE — A LITTLE BETTER — SERVICE.

National Bureau In Cancellation Curb

(CONTINUED FROM PAGE 1)

the specified reasons:

1. Non-payment of premium on due date.

2. Fraudulent misrepresentation in obtaining coverage.

3. Violation of terms or conditions of policy.

4. Commission of acts resulting in suspension or revocation of license during policy term; failure to produce certificates from two physicians testifying to unqualified ability to operate a vehicle, when the owner or operator is subject to epilepsy or heart attacks.

5. Conviction or forfeiture of bail for three or more violations during a period of 18 months. Included are any ordinance or regulation with regard to speed or any provision considered a misdemeanor by the motor vehicle laws of any state.

6. Conviction of forefeiture of bail, during the 36 months preceding the effective date of the policy, or during the policy term, for any felony; homicide or assault arising out of vehicle operation, or criminal negligence in operation, leading to death; driving while drunk or under disabling drug influence; leaving the scene of an accident without reporting; theft of a vehicle, or making false statements in license applications.

Mutual Bureau is introducing the same plan for its member companies.

—

All-Star of Milwaukee has appointed Edward J. Samp investment counsellor.

Court Holds vs U.S. In Plane Crash

(CONTINUED FROM PAGE 1)

other activities following the accident. "That seems a rather theoretical figure of cost accounting and not properly allowable."

The court also disallowed $98,594 for loss of use of the plane. There was, the judge said, no adequate proof to show that any business was lost or schedules cancelled as a result of the loss of the plane in the crash.

The decision in these three cases, which were consolidated, were expected to set the pattern for 15 other suits pending in four federal district courts.

Richard W. Galiher of Washington represented Capital Airlines in the action.

Another court had found, before Judge Holtzoff's decision, that the pilot of the Maryland air national guard T-33 was an employe of the U. S. Judge Holtzoff found from the evidence that the T-33 pilot, on a training flight from a military airfield near Baltimore, overtook the Viscount and rammed it with the right tip tank. Both airplanes were wrecked. All aboard the Viscount were killed. The T-33 pilot parachuted to safety.

Later the surviving pilot testified he didn't see the Viscount, though it was a clear day, and did not even know that he had struck another airplane until he saw the wreckage of both planes on the ground. The pilots of the Vicount were on proper course and were following instructions of control towers on its flight from Pittsburgh to Baltimore.

DRAM SHOP

- Auto Bodily Injury
- Property Damage
- Comprehensive
- Collision
- Financial Responsibility Filings
- General Liability
- Fire & Extended Coverage

PREMIUM FINANCING

if it's hard to place . . . write, wire or call

KURT HITKE & COMPANY, INC.

175 W. Jackson Blvd., Chicago 4, Ill. 430 N. Fifth Street, Springfield, Ill.
1776 Peachtree St., N.E., Atlanta, Ga. 1090 N.E. 79th St., Miami 38, Fla.

NAIC Holds Winter Meeting In Dallas

(CONTINUED FROM PAGE 1)

debate had cooled considerably since the last time the issue was discussed.

Action on subcommittee recommendations had not been taken by press time, and the remarkable amount of material coming out of the subcommittees threw the printing of reports behind the ordinary pace. Some credit for the unusual activity of the subcommittees goes to Commissioner T. Nelson Parker of Virginia, president of NAIC, who held a special meeting of committee chairmen a few months ago at Chicago and obtained from each some idea of what the committees were doing. This stimulus had its effect.

Early Gerber Meeting

Fire and casualty people turned up early for this meeting to attend a session of the Gerber subcommittee on fire and casualty rate regulation on Saturday. This was a three hour long session, but it didn't produce much that was unexpected. NAIC offered at the Philadelphia meeting some suggested amendments to the aggrieved party and deviation sections of the fire and casualty rating laws. Nobody but National Assn. of Independent Insurers had any comment at this time, industry being in shock over the no prior approval situation. Then in September Mr. Gerber asked industry for comment and recommendations on these suggested amendments and received answers from NAII and North America. Vestal Lemmon of NAII and Bertram C. Dedman of North America offered a rerun of their ideas at the Saturday meeting and endured intensive questioning from the commissioners on the subcommittee, principally from Francis Smith of Pennsylvania. When other industry people complained that they hadn't seen copies of the NAII and INA proposals, Mr. Gerber said simply that they hadn't asked for them. He had, he pointed out, mentioned in his letter that he had received memoranda from the two organizations, but nobody inquired about copies so he saw no reason to spend Illinois department money printing up something for which there was no apparent demand.

Aggrieved Parties Position

NAII'S position on aggrieved parties and deviations is precisely what it recommends in its proposed rating law for fire and casualty insurance. INA treats the issue separately. NAII and INA have different approaches, but both specifically exclude rating bureaus as aggrieved parties. NAII would allow policyholders and competing insurers as well as agents or brokers to complain.

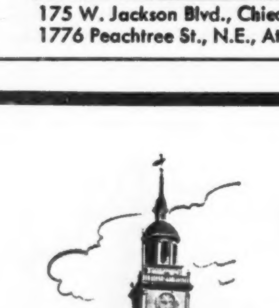
During the questioning of Messrs. Dedman and Lemmon, it was brought out that the NAII and INA proposals are not opposed to one another, but they are not exactly parallel. The commissioners are full of reservations about leaving anybody out of rights as an aggrieved party, and they seemed impressed with the question of an unidentified member of the audience who wondered whether by denying aggrieved party status to bureaus or companies there might not be an invitation to court action on the federal level on the grounds that the party had been denied remedy at the state level either administratievly or legally. Wouldn't this destroy what the NAII and INA wanted to do? he asked.

Also of concern to the commissioners was handling the burden of proof in aggrieved party cases. Both NAII and INA protested it is always with the filer, but the commissioners couldn't see that this was clear. They were worried about appeals. Would it shift to the aggrieved party or the department then?

J. R. Berry of the National Board and Hugh Garland of Corroon & Reynolds had brief comments, Mr. Berry expressing doubts that eliminating or limiting the ability of a competitor to be an aggrieved party is in the best interest of state regulation. He recommended that NAIC go slowly before narrowing the review provisions available under state regulation.

Mr. Garland said his companies

(CONTINUED ON PAGE 32)



Booth, Potter, Seal & Co.

Public Ledger Building

Philadelphia 6, Pa.

REINSURANCE

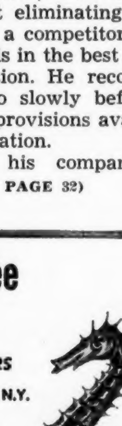
ON INDEPENDENCE SQUARE

Wm. H. McGee & Co., Inc.

MARINE UNDERWRITERS

111 John Street, New York 38, N.Y.

Baltimore, Boston, Chicago, Columbus, O., Dallas, Detroit, Houston, Jacksonville, Los Angeles, New Orleans, Philadelphia, San Francisco, Seattle, Toronto, Montreal, Porto Rico, Honolulu, Trinidad B.W.I.



OCEAN MARINE
INLAND MARINE
HOMEOWNERS' COMPREHENSIVE
MANUFACTURERS OUTPUT
and similar covers

Hinckley Tells Of Travelers Experiment

(CONTINUED FROM PAGE 2)

rect writers," though few think of them as such.

The direct writers grew because they researched the buying public while the agency companies and independent agents were still doing business deluded by the fact that in the 10 years following World War II inflation was swelling their incomes. The latter growth was not sound.

But the agency companies have come alive. They are looking at themselves and asking how they can do better. One obvious answer is that the historic two-some, agent and company, have become a three-some, agent and company and buying public.

In the years after World War II it was difficult to get independent agents to sell life and A&S, Mr. Hinckley recalled. Their business from the other lines was increasing, and life insurance always has to be sold. Agencies became top heavy in automobile—that line produced as much as 75% of the total for some agencies. This imbalance became critical with cyclical losses and the direct writer competition.

Need More Agents

Mr. Hinckley believes that only by increasing the numbers of well qualified independent agents will the agency system be able to withstand the onslaught of tens of thousands of controlled agents of the life company giants invading the homes of "our clients as they collect their premiums and our expiration dates." He pointed out that there was no measurable increase in the number of independent agents in the decade just ended despite a 30 million gain in population. A 33 million population gain is foreseen for the next decade, and "we must also grow numerically."

Since the competitors ahead will be trained life salesmen, Mr. Hinckley maintains that it is in this area the independent agent must try to rebalance his sources of income—not by selling less of other coverages but by selling more life insurance. Selling more commercial risks and less personal business is not the answer because life companies are a prime source of financial assistance to business and industry. Their entry into the commercial property insurance field would certainly have an influence on where their debtors placed their business.

Historically, Travelers has relied upon sequential training to get new men into the business—first life and health lines, then property coverage. The company now also uses the second method of starting with property lines and adding life and health training as needed. Both methods tend toward imbalance since initial survival is the chief problem of the new agent. Also, since the company's agents are independent, it can only exercise training controls, not employer-employe controls.

Consequently, Travelers recently began its recruiting and training experiments in Holmdel. The two company men in charge are schooled in all personal lines selling. Their effort is being judged by the number of successful new agents they develop rather than by merely the number they introduce. This is a joint venture—both men will succeed or the experiment will be regarded as a failure.

Barriers Removed

Here the company has taken down the historical barriers erected by years of interdepartmental competition for the agent's time. The agent, not lines,

Sellers Joins Zurich In Fire Underwriting Post

Zurich has appointed James E. Sellers assistant superintendent of the fire division of the fire and marine underwriting department. Mr. Sellers began working in insurance in 1946 with Iowa Inspection Bureau. He was later with an agency and Dun & Bradstreet. For the past 13 years Mr. Sellers has been with Boston as regional manager in Minneapolis.

Kemper Promotes Haake

Elwood L. Haake, investment analyst, has been elected assistant secretary of American Motorists and Lumbermens Mutual Casualty. He has been with the Kemper organization since 1955.

Scores Combined Fire-Police Units

Fire fighting is a professional job requiring skills that only a full time fireman can perform, Warren Y. Kimball, fire service department manager National Fire Protection Assn., told a seminar at UCLA. He added: "If Los Angeles could have called only a force of part-time firemen and police to combat the recent fire, many more homes and possibly some lives would have been lost. . . . Yet this is exactly what a consolidated fire and police department gives a community —a force which has to divide its efforts between two essential jobs without time and experience to become really expert in either."

The America Fore Loyalty Fieldman's mission . . .

. . . LET'S BUILD YOUR BUSINESS!

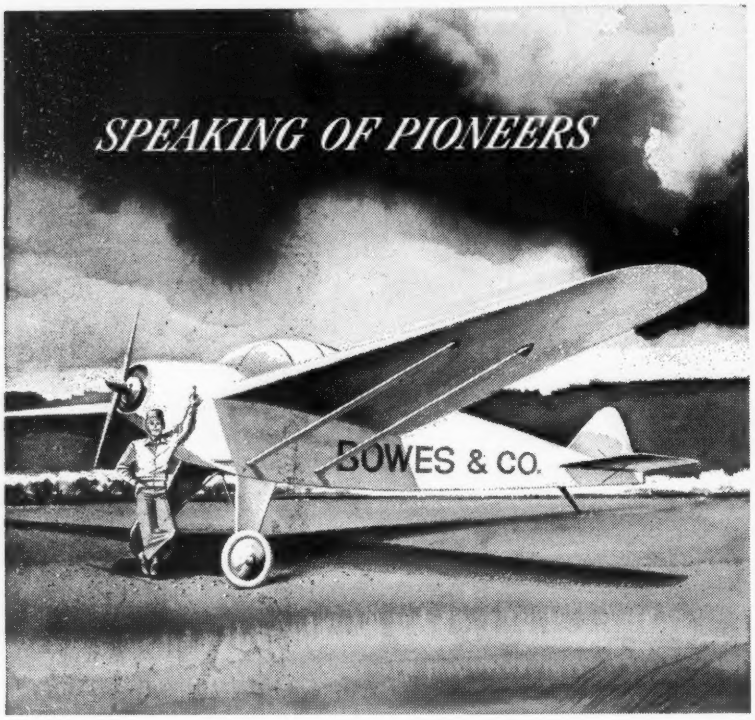
Need help on a tough problem? Or an assist with a prospect? The America Fore Loyalty fieldman's broad training and experience can be invaluable to you.

A call from your America Fore Loyalty fieldman is a business call—business he's interested in helping you produce and keep.

America Fore Loyalty Group

The Continental Insurance Company • Firemen's Insurance Company of Newark, New Jersey • Fidelity-Phenix Insurance Company
Niagara Fire Insurance Company • The Fidelity and Casualty Company of New York • National-Ben Franklin Insurance Company of Pittsburgh, Pa.
Milwaukee Insurance Company of Milwaukee, Wis. • Commercial Insurance Company of Newark, N. J. • The Yorkshire Insurance Company of New York • Seaboard Fire & Marine Insurance Company

80 MAIDEN LANE, NEW YORK 38, NEW YORK —— HOME OFFICES —— 10 PARK PLACE, NEWARK 1, NEW JERSEY



Aircraft was in its infancy when Bowes & Company took its initial step into the field of aviation underwriting. Testimony of our confidence in the future of aeronautics was the monoplane bearing the name "Bowes & Company" which saw service on many sales fronts and captivated the imagination of agents and brokers who were breaking into the aviation insurance field. ▪ Today, Bowes & Company has the oldest aviation binding authority in this country. We write every conceivable form of coverage—ranging all the way from aircraft hulls to air meet liability. We place particular emphasis on industrial aid risks, aerial applicators, associations and groups which present particularly complex and involved problems of underwriting. ▪ Whatever your aviation problem, be sure to call Bowes & Company first! Basic "know-how" in the entire area of aviation underwriting provides realistic short-cuts in meeting today's competition head-on.

BOWES

Bowes & Company, Inc.

135 SOUTH LA SALLE STREET • CHICAGO 3 • ILLINOIS

99 JOHN STREET • NEW YORK 38 • NEW YORK

is the focus of the new program. By teaching the agent balanced all line selling, the company believes the agent is being prepared to remain the master of his agency throughout his career.

Because of the varied backgrounds of the recruits and the long time required to get them licensed for the fire-casualty lines, the company has no balance of earnings requirement until the end of the first six months. The program is based on a three year approach, at which time the survivors will be earning commissions to support their minimum living needs. The requirements for accumulated commission earnings are computed differently for each 13 week period.

Balanced Earnings Objective

The balanced earnings objective of the recruit from the 26th week on is one-third from life and health production for Travelers, one-third from fire-casualty production for Travelers, and one-third from any other sources—brokerage, group, or the first two named sources. The one-thirds are related to minimum earnings and not to total earnings. The latter is regarded as unfair to the outstanding life or property insurance producer.

Requirements are based on a realistic minimum needs budget to start. Where necessary the new man gets a loan, which has to be repaid. Travelers' experience with getting new men into life production shows that 60% of new agents require financial assistance.

In case of failure, all non-vested business usually is sold to an established agent to help reduce the indebtedness. Vested commissions continue to be applied against the debt. When the latter is paid, the company resumes payments to the original producer. The company never buys an account nor retains a commission beyond the amount of the debt. The independent contractor status of the individual is preserved.

Loans A Problem

One of the company's greatest problems is having to loan money while preparing the recruit for the fire and casualty licenses. Stiffening of requirements for getting a license had good reasoning behind it, but it does favor the direct writer, he said. A salaried salesman does not worry about the length of time required to get a license since he has no mounting debt facing him.

Mr. Hinckley also noted that the license requirement alone does not guarantee a better agent or improve his survival chances. Qualities like integrity, ambition, willingness to work and capacity to learn belong to the man before he becomes an agent. No licensing requirement (or training program) will give them to him. There is still no means of telling in advance whether a man will like this business and whether he will work hard.

He urged agents not to bad-name innovations born of necessity in an era of shrinking profit margins. Direct billing is one. The thing to do is find out if it will benefit the agency and save it time for more contact with clients. However, he advised the agent to keep in mind certain safeguards—that the business always belongs to the agent, that he has a choice of accepting direct billing or not, that the agency is identified on premium notices, and that his companies through their computers are attempting to find areas of saving in acquisition cost other than the one which is least palatable to the agent.

He said Travelers has begun the direct billing of commercial A&S but without reducing the agent's commission.

Hospitals Receive First Health Council Newsletter

Administrators of virtually all voluntary short-term hospitals in the United States have been sent the first issue of a newsletter on health insurance published by Health Insurance Council. Entitled "Health Insurance Report," the letter serves as a bimonthly review of progress by insurance companies in financing health care.

In addition to administrators, the letter is being distributed to hospital accountants, national, regional and state hospital associations, metropolitan hospital councils, and to the insurance business.

The first issue points out the economic relationship of hospitals and insurance companies, noting that last year some $4 million a day in insurance company benefit payments went to hospitals for patient care.

Also described in the newsletter are the important characteristics of group, individual and family health insurance written by companies. Future issues will analyze health insurance programs and trends and their significance to hospitals, patients and insurance companies.

Mich. 1752 Club Elects

Michigan 1752 Club at its annual meeting in Lansing elected Arthur Hudson, Fremont Mutual, president; A. L. Forster, Dairyland Mutual, vice-president; Robert Kelley, Employers Mutual Casualty, secretary-treasurer, and Donald Lacy, Shelby Mutual, assistant secretary-treasurer.

New directors are R. W. Scott, Home Mutual, past president of the club; John Nugent, Michigan Millers Mutual and Robert Tompkins, Tompkins Adjustment Bureau. A. L. Forster, Dairyland Mutual, and George C. Bubolz, Home Mutual, were placed in charge of publicity.

Cascade Appoints James L. Salkeld

Cascade of Tacoma has appointed James L. Salkeld second assistant in the operations department. He had been purchasing agent and a member of the administrative staff of St. Helens hospital in Chehalis, Wash.

Service beyond the treaty

Reinsurance AGENCY INC.

141 W. JACKSON BLVD.
CHICAGO 4, ILLINOIS
WABASH 2-7515

Charles A. Pollock
PRESIDENT

Vincent J. Cuddy
VICE PRESIDENT

RIA

Adequate Loss Reserves Procedures Noted

(CONTINUED FROM PAGE 2)

derwriting profit is fact or fiction. Loss reserves usually grow out of the following sequence:

A claim is reported to the claim department. Some form of record is made. The adjuster or examiner establishes an estimate of the claim's probable cost. The estimate is entered in the company's books as a liability. As payments are made there is an adjustment in the net amount outstanding. As new information is developed warranting a change in reserve, adjustment is made up or down. When settled, the outstanding becomes zero and the paid amount becomes the total losses incurred.

Mr. Hughey said that it is almost impossible to forecast the exact cost on any given claim, especially in the first few days of its life, when information is sketchy. The extent of injury, property damage, claimant's circumstances and attitudes, extent of liability, claim consciousness of the community and presence or absence of legal counsel are a few of the variables which have a bearing on the final cost.

Develop Sixth Sense

Most claim men develop a sixth sense for establishing reserves which tend to average out at the level the company wants to maintain, Mr. Hughey said. But it is a loose arrangement at best, with individual reserves way off. "It is also a known fact that if the boss comments that reserves are running a little low, the next few months will develop an unbelievably high ratio . . ." and vice versa.

The good judgment of experienced claims men helps to keep these fluctuations from getting wildly out of control, he observed. As an additional device, some companies run a list of reserves periodically and ask the claim man responsible for establishing reserves to check them. This gives him an easy way to correct reserves. Periodic computations of average losses developed within each territory are also used, to be sure that no unexpected up or down bias is introduced. For large claims, most companies have an experienced examiner review established reserves so that he can counsel those with less experience.

If the company is a large one, dealing in thousands of claims each month, the record keeping in the basic procedure grows tremendous. Numerous short cuts have been introduced. These reduce the work, but usually complicate the reserve problem, Mr. Hughey warned.

Mr. Hughey summarized effective handling solutions in four steps: Schedule work flow and volume to avoid pile-ups; control every step and unit of work; emphasize accuracy for every employe handling loss work, and continually verify resulting records.

Because of the amount of clerical work involved in recording original estimates, payments, changes and closings as they occur, many companies permit some delay in reporting certain types of losses. For example, on auto PDL claims where damage is established as less than $100, the local claim office may often put off reporting the claim to the home office for perhaps 60 days, during which time it is attempting to settle the claim. Most of these cases will be settled within 60 days. When they are, the complete claim will be reported and can then be punched as a settled payment without setting up an individual outstanding loss.

Small claims arising out of auto accidents, fire, A&S, comprehensive medical only injuries, and, in fact, almost all large volume, small average cost claims can be handled this way with a large loss expense saving. The problem, Mr. Hughey pointed out, is how to set up and maintain adequate reserves as well as evolve agent, branch office and state experience when there may be a substantial lag in getting these losses into the record.

Accident Period Record

He suggested that if a record of the number of claims and losses involved in each selected accident period and type of claim is kept, several factors become evident:

—As of the end of an accident period, the percentage of loss dollars actually reported is generally small in

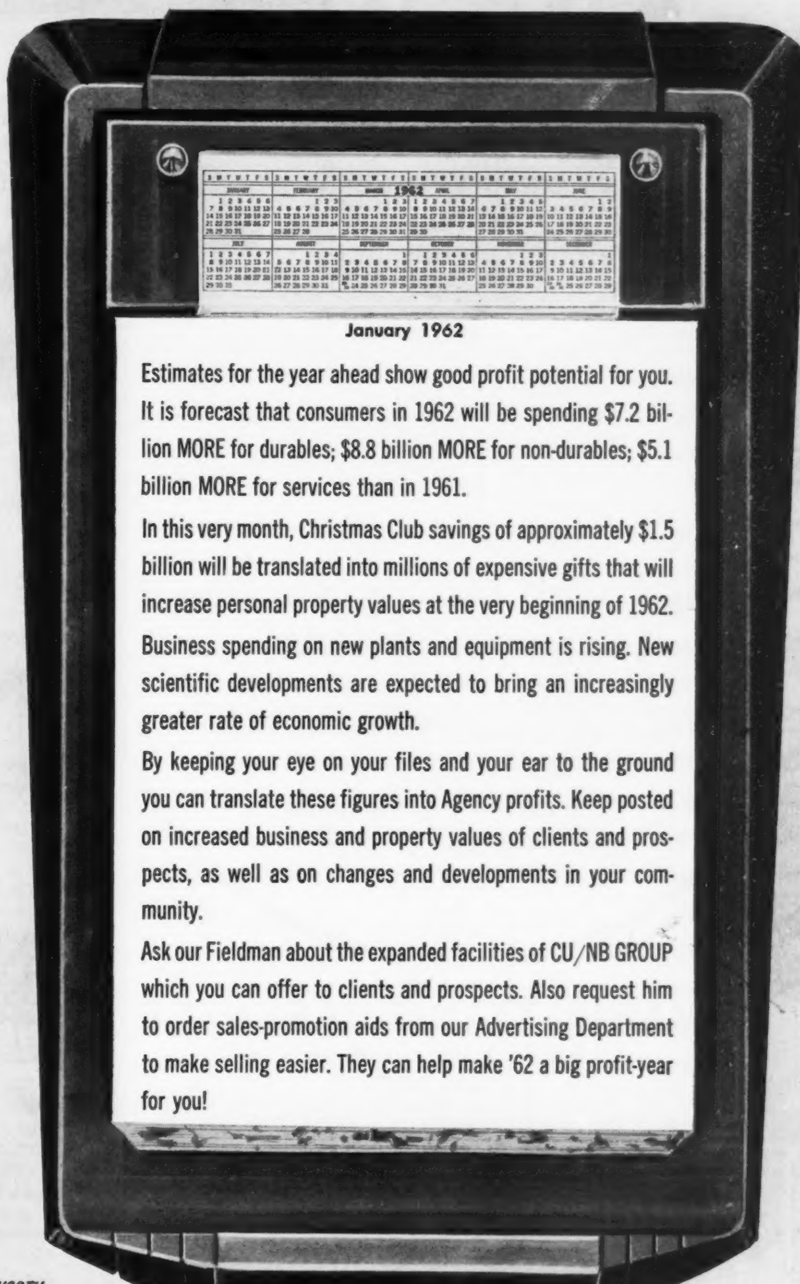
Pacific Employers Raises R. A. Whittaker At Oakland

Pacific Employers has named Robert A. Whittaker Jr. resident vice-president at Oakland, Cal., where he has been resident manager since May, 1961. He joined the company there as special agent in 1960.

Reserve Having Good Year

Reserve of Chicago had record sales and earnings in the first three quarters of 1961. Net income was $391,365, which compares with $357,740 the year before. The cash semi-annual dividend has been increased to 12½ cents a share, and a 2% stock dividend was declared.

GOOD NEWS FOR '62 !



COMMERCIAL UNION- / NORTH BRITISH
CU/NB GROUP A MULTIPLE LINE GROUP

COMMERCIAL UNION ASSURANCE COMPANY LTD.
NORTH BRITISH & MERCANTILE INSURANCE COMPANY LTD.

AMERICAN CENTRAL INSURANCE COMPANY • THE CALIFORNIA INSURANCE COMPANY
CENTRAL SURETY AND INSURANCE CORPORATION • COLUMBIA CASUALTY COMPANY
COMMERCIAL UNION INSURANCE COMPANY OF NEW YORK • THE COMMONWEALTH INSURANCE COMPANY OF NEW YORK
THE MERCANTILE INSURANCE COMPANY OF AMERICA • THE OCEAN ACCIDENT AND GUARANTEE CORPORATION, LTD.
THE OCEAN MARINE INSURANCE COMPANY LTD. • THE PALATINE INSURANCE COMPANY LTD.
THE PENNSYLVANIA INSURANCE COMPANY • UNION ASSURANCE SOCIETY LTD.

HEAD OFFICE: ONE PARK AVENUE, NEW YORK 16, NEW YORK
ATLANTA • PHILADELPHIA • DETROIT • CHICAGO • KANSAS CITY • SAN FRANCISCO

SO A CAT HAS NINE LIVES . . .

SO WILL YOU
WITH THE COMPLETE FACILITIES OF THESE MANY
MULTIPLE LINE COVERAGES

- ✓ FIRE and ALLIED LINES
- ✓ FIDELITY and SURETY
- ✓ AUTOMOBILE
- ✓ INLAND MARINE
- ✓ GENERAL LIABILITY
- ✓ PLATE GLASS
- ✓ WORKMAN'S COMPENSATION
- ✓ MISCELLANEOUS LIABILITY
- ✓ BURGLARY

And NOW . . . . LIFE INSURANCE

COMMERCIAL STANDARD
INSURANCE COMPANIES
FORT WORTH, TEXAS

RAYMOND E. BUCK
President & Chairman of the Board

Satisfying Claims Service
Helps you SHOW
THE BIG DIFFERENCE

Fast, Friendly settlements
are a "trademark" of . . .

THE MANHATTAN-GUARANTEE
INSURANCE COMPANIES
. . . affiliated with THE LONDON ASSURANCE—Founded 1720

THE MANHATTAN FIRE & MARINE INSURANCE CO. • GUARANTEE INSURANCE CO.

MULTIPLE LINE · NATIONWIDE · FAST SERVICE
Executive & Regional Offices
111 John St., New York 38 · 550 Kearny St., San Francisco 8
Branch Offices in Chicago and Los Angeles. Service Offices and General Agents in Principal Cities throughout the United States

Producers who work with us say: "Very Good People to Deal With"

relation to the eventual total.

—The average cost per claim tends to go up as later and more serious claims are reported.

—The proportion of loss dollars paid out during any given accident period, at the end of any given length of time —a month, three months, a year— tends to be relatively constant.

—The proportion of the number of losses reported for any given accident period at the end of any given length of time also tends to be constant, out at a different percentage level than loss dollars.

Therefore, from the records in question it becomes possible to compute an adequate dollar loss reserve for deferred claims. This system or any others that can be devised will be far less work than keeping detailed original records on every claim, Mr. Hughey said. Furthermore, in this kind of situation a few dollars can make a lot of difference in loss ratios and will frequently determine whether or not the insurer takes action.

Mentions Different Approach

A somewhat different approach to clerical handling problems is the average reserve system. This consists of putting a specific and identical amount on every claim of a given type, and basing the total loss reserve on the number of such claims multiplied by this amount. In arriving at outstanding reserves, companies using this system normally substract any payments made. Mr. Hughey warned that one of the commonest mistakes is to settle out cases that are closed first, take down any over-reserve that arises from the use of the average on these less costly first claims, and not change the average on cases remaining open. An experienced claims man recognizes that the lowest cost claims are settled first and that the ultimate average of claims remaining open over any period of time will be higher. If the lowest claims are settled out, and their effect on outstanding removed, the average on the balance of claims should be raised. The problem is avoided by retaining the originally established average for all claims.

One of the knottiest problems an insurer faces, Mr. Hughey said, is reserving for claims incurred but not reported. Frequently these are minor, but "sometimes a real sleeper comes along, and we have all had the unhappy experience of having a suit filed for a whopping sum three or four years after the accident . . . occurred."

The number, size and extent of delay of such claims tend to vary by line and by territory. Mr. Hughey suggests that the surest way to handle the reserving is to build up a record of development on late reported claims, as a guide to how much is likely to be needed in the future. In some situations this can be a sizeable item. On bond lines, for instance, claims tend to be cyclical in accordance with general financial conditions. In good times, comparatively few claims may be presented, but when economy slips, perhaps only in a local area, an adjuster may get claims going back several years which are just uncovered. Occupational disease claims on compensation are of a similar nature.

Sometimes the contract lends itself to a long delay in reporting claims. For example, major medical A&H policies often provide for a $500 or $1,000 deduction, and many claims will be reported only after the deduction is exhausted.

Auto merit rating plans perhaps present a special problem, Mr. Hughey pointed out. Many insurers feel these plans encourage drivers not to report minor claims, to avoid the penalty of higher rates. This procedure may save loss payments in some cases, but it can also cause a serious claim to be delayed.

Reopened claims present a slightly different but similarly unknown quantity, against which it is usually wise to carry a reserve. These may range from a no pay case which later explodes to a more serious claim where additional claims are uncovered or other adverse developments occur. Most companies keep track of re-opened changes. Averaging out these results for a period of years can provide the necessary information to establish adequate safeguards in reserves.

Some possible need should be recognized for infrequent but potentially disastrous occurrences such as a major depression or a widespread national disaster. Another kind of special reserve may be required for long term disability claims, such as WC and A&H to account for certain technical computations—life expectancy and remarriage probability, for instance.

Rule Of Thumb Measures

Some consistent standard of checking reserves must be set up, Mr. Hughey emphasized. Rule of thumb measures though they may have some logic behind them are seldom complete indications of whether reserves are correct. For example, in theory the surplus a company has in relation to liabilities, the better off it is, but this test falls flat in measuring a company's standing when loss reserves are substantially undervalued.

The ratio of loss and loss expense reserves to earned premium is another measure frequently quoted, Mr. Hughey observed. It, too, must be used carefully, and there will be variations which have nothing to do with sound long range progress. Fire lines will have much higher earned premiums and much lower outstanding losses than a comparable volume of WC business. Also, a company that is growing rapidly will have a widely different ratio from one that has a large backlog of old claims to raise the loss reserve level.

One of the best tests of present loss reserves, Mr. Hughey believes, is a record that grows out of the accident period experience record he mentioned earlier. Watching developments on these accident periods, an insurer can quickly learn what average cost to expect from a given category of claims. Further, it can get fairly prompt warning when original estimates are undervalued or when the average cost on a given accident period is lower than the company should reasonably expect.

—

Montgomery-Prince Georges (Md.) Assn. of Insurance Agents at its annual meeting elected William W. Wolfe president, Robert M. Coughlan vice-president, John V. Rocks treasurer, and Austin W. Thomas secretary.

THE CINCINNATI INSURANCE COMPANY
2934 CENTRAL PARKWAY
CINCINNATI 25, OHIO

A Company Dedicated to Sustaining and Promoting the American Agency System with Competitive Package Policies

HOMEOWNERS—AUTOMOBILE • COMPREHENSIVE OFFICE
MERCANTILE MULTIPLE PERIL • DEALERS COMPREHENSIVE • MOTEL OWNERS

Differing Views Heard On N.Y. Law Changes

(CONTINUED FROM PAGE 1)

this should have been done on the apartment house filings made recently which, Mr. Danahy declared, violate the freedom of contract law and every provision of the rating law.

Mr. Alford pointed out that how the department should handle filings is not germane to a discussion of changes in the rating law. Mr. Danahy rejoined that New York now has an ideal statute but procedural steps such as the one he suggested should be spelled out in the law.

Mr. Weghorn's group also would like to have producers specifically designated as aggrieved parties. He stated that when his association assisted in the discussions leading to the all-industry rating laws, it was clearly agreed that agents should be considered aggrieved parties. Now there is considerable doubt if the position intended for producers exist or can be reestablished without court action.

Access To Details

To enable producers to raise legitimate questions on their own or a client's behalf prior to the approval of a filing, rather than seeking court relief after a filing, properly authorized representatives of agents should have access to details of the filing prior to approval, Mr. Weghorn said. Control of this revelation of details should be kept entirely in the hands of the regulatory authorities.

National Board and the casualty association want no prior approval, Mr. Gilmore said. However, they recognize the desirability of certain amendments to the rating law necessitated by multiple line and package developments. Under certain circumstances the public is well served by the rating organization appearing as an aggrieved party. However, the two groups approve the proposed combination of fire-casualty rating sections of the law.

Want Notice

While not opposed to eliminating the present one-year rule for diviations, National Board and the casualty association do want the rating bureau to have notice of the application for a deviation at the same time it is filed with the department. Permitting deviations to become effective without notice to other members and subscribers until it is an accomplished fact "will inevitably be destructive to bureau operation," Mr. Gilmore said.

Mr. Alford asked Mr. Gilmore why the rating bureau should be notified. Because the bureau may want to file the same thing, he replied. Why couldn't the bureau make "notice" a requirement for members and subscribers? Also, Mr. Alford asked, what responsibility does the bureau have to inform deviating companies of what it is planning to do, especially when it makes a so-called "agency filing" for one company? Mr. Gilmore indicated he would find out.

Poses Question

Mr. Alford asked if a competing insurer should have any standing as an aggrieved party. Mr. Gilmore said his organization did not have a position on this.

Mr. Berry, however, said he did not think competing insurers should be excluded. If competing insurers are not excluded as aggrieved parties but

N.D. Capital Stock Men Hear Emmett Cox Of WAB

Emmett T. Cox, Western Actuarial Bureau, was guest speaker at a banquet held in Dickinson, N. D., in conjuction with a two-day town inspection held there by North Dakota Capital Stock Insurance Assn.

Mr. Cox discussed the rapid rate at which the American public is burning up millions of dollars in property each year. He pointed out that the per capita loss in the U. S. exceeds $6, while in England it is less than $1. The banquet closed with the showing of a film on school fires.

Perkins Elected V-P

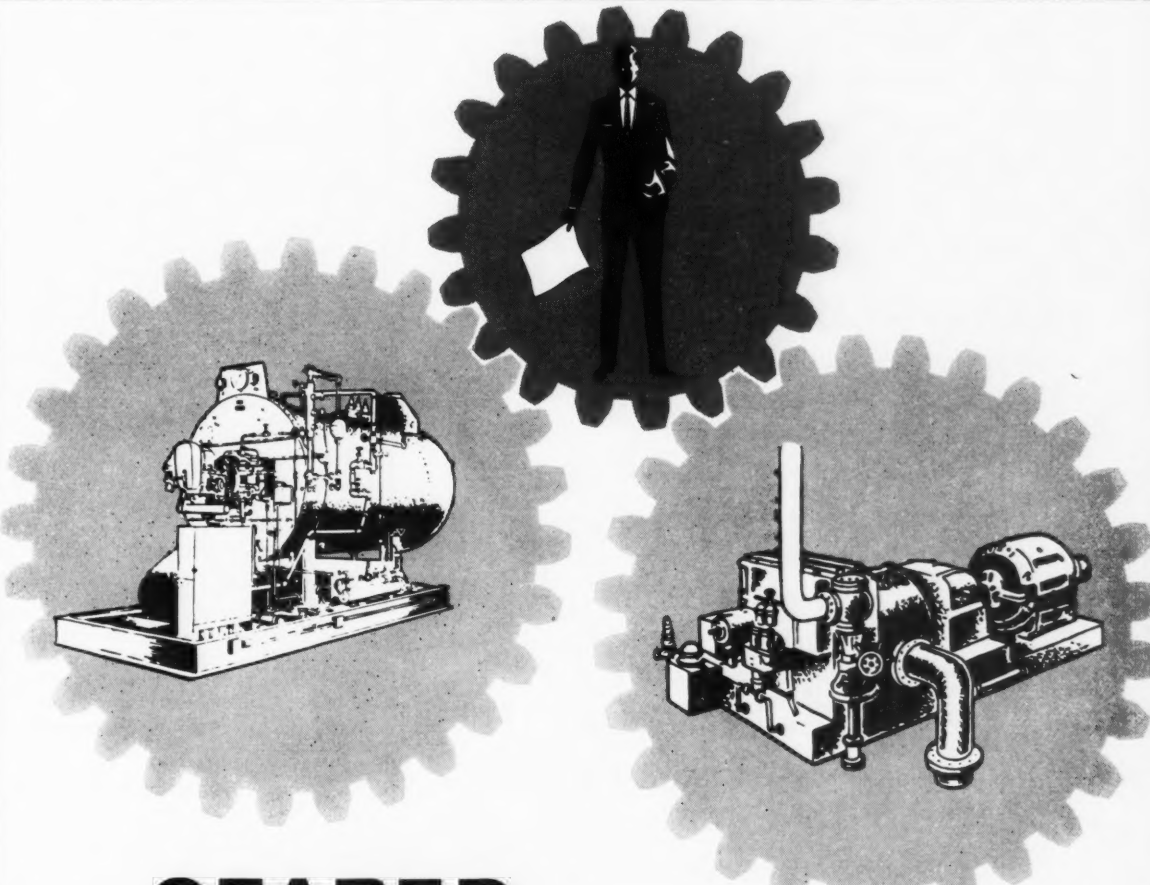
Norfolk & Dedham and West Newbury Mutual Fire have elected Dwight A. Perkins vice-president. He was for 30 years with Worcester Mutual, most recently as assistant vice-president and a director.

Mr. Perkins will have complete responsibility for all underwriting in his new post. He is a past president of Worcester Insurance Society.

Davis Forms Consulting Firm

Fred N. Davis Jr., former vice-president and secretary of Mid-Continent Casualty and Quaker Life of Tulsa, has formed a management consulting organization, Fred N. Davis & Associates, in the Nine East Fourth Building, Tulsa, to assist in management, communicatons, advertising and public relations.

Mr. Davis was with Tri-State group of Tulsa from 1951 until he joined Mid-Continent Casualty in 1956.



GEARED

to Your Profits

It's new. It's news . . . big news for The Man with the Plan. Changes in Employers' Group Boiler and Machinery Insurance are really geared to your profits. Simplicity is the keynote of the news. The Man with the Plan now has, 1. New and simplified descriptions of coverage, 2. A new rating manual, 3. New policy forms, and 4. New policy writing methods. All this is backed by sales kits, colorful brochures and, of course, superior nationwide underwriting, claim and engineering services. This could be your biggest opportunity to capitalize on business that is constantly growing and growing fastest with The Employers'. Contact your Employers' fieldman for assistance in developing your Boiler and Machinery profits.

THE Employers' Group
OF INSURANCE COMPANIES
110 MILK STREET
BOSTON 7, MASSACHUSETTS

E.G.

YOUR Independent Insurance AGENT SERVES YOU FIRST

The Employers' Liability Assurance Corp., Ltd. • The Employers' Fire Insurance Co.
American Employers' Insurance Co. • The Northern Assurance Co. of America
The Employers' Life Insurance Company of America

General Agent

EXCESS AND SURPLUS LINES

for

La Salle Casualty Company

HOME OFFICE • CHICAGO, ILLINOIS

La Salle Casualty Company is rated B+: BBB+ in Best's

All general and specialty casualty lines.

Inquiries are invited from qualified licensed surplus line brokers for franchises in various territories.

Underwriting Manager

for

New, High Capacity
Property Insurance Pool
Admitted and Non-Admitted Carriers

Direct Business or Facultative Reinsurance

Fire and Allied Lines	First Loss Covers
Inland Marine	Balance of Perils Covers
Fire Deductible	Special Block Covers

Excess Property Covers

Binding Correspondents, Underwriters at Lloyd's, London

ILLINOIS R. B. JONES Inc.

C. REID CLOON, *Chairman* — JAY W. GLEASON, C.P.C.U., *President*

175 West Jackson Boulevard • Chicago 4, Illinois

WAbash 2-8544 Teletype: GG 1301 Cable: JONESSON-CHICAGO

are not given notice of deviations before approval, Mr. Berry asked, how will the individual insurer get a chance to be heard?

Not Adamant

Mr. Alford said that a competitor couldn't be damaged until the deviation is in effect. However, he indicated that the department did not take a strong position on the question of eliminating notice at time of filing. Rating organizations would very much like to have notice at that time, Mr. Berry said.

Mr. Barry opposed all the changes proposed. When the rating bureau is eliminated as an aggrieved party, the small company will be in trouble because it can't afford to fight a filing. The small company needs the bureau to help oppose the trend toward deviations. The rating system already is in a state of collapse, he declared.

Mr. Barry thinks the department should continue to use different approaches to casualty and property insurance. As for packages, no one can proves no such savings exist. Also, he said, there is no such thing as superior risks. A lot of such risks were written at deviated rates in Texas and were blown down or damaged by Carla. Such risks, wherever they are, blow or burn down and no one can tell where and when.

Wants 6% Profit

He called for a 6% profit in the rates and for a formula to provide it written into the law. Mutuals can't live under the deviation system, he declared.

NAII's position is that no competitor should be recognized as an aggrieved party, including individual insurers, groups of insurers, or rating organizations, Mr. Bohlinger said. The proposed language of the amendment is so broad as to let in rating bureaus, he believes.

Mr. Alford said that if the competitor has something substantial at stake, it could use other routes; the unfair trade practices act, for example, to seek relief.

Mr. Bohlinger urged the department to use the language from NAII's model bill, which doesn't bar a competitor from bringing an alleged violation of the rating law to the attention of the department, but that does eliminate them as aggrieved parties. Also, NAII recommends no term of duration for deviations but treatment as a basic filing. The deemer clause should apply to deviations as it does to basic filings. Departments sometimes take a good while to act on deviations.

Mr. Bohlinger objected to the fact that under the proposed changes the superintendent would fix the duration of the deviation. The filer should fix the term. The superintendent of course would always have the right to step in and adjust the term or require rejustification of the filing. The proposal would interfere with the rights of management, and turns in the direction of more regulation when many in the business want less.

More Flexible

Mr. Alford disagreed. He said it made the law more flexible.

The proposed amendment to the aggrieved party section of the law is untimely and should not be adopted, Mr. Ort said. The proposal appears to exclude all organizations, including rating bureaus. Yet the buyer relies on the broker and the broker relies on his organizations to guard against illegal filings. The organization might be of some other sort than insurance, he said.

Mr. Ort also suggested that the proposed change might limit the power of the superintendent. Mr. Alford showed considerable interest in this line of reasoning and indicated that the department would restudy the language to see if Mr. Ort is correct.

Mr. Dedman urged North America's position that prior approval should be abandoned altogether. He also indicated that elimination of bureaus as aggrieved parties should be specifically spelled out and that advisory organizations should also be eliminated. He supported the department's proposal to combine fire and casualty provisions but suggested changed language for clarity. North America opposes notice to rating bureaus of deviations and believes there should be no termination stated in the filing. Deviations should be treated as other filings, without limit on duration.

Mr. Fox said his organization opposes elimination of bureaus as aggrieved parties and believes that the deviation changes would give the superintendent too much authority.

Lynch With Weghorn Firm As New Casualty Manager

Daniel J. Lynch has joined the John C. Weghorn agency, New York, as manager of the firm's new casualty department. The agency now has the full casualty and property underwriting portfolio of the Springfield group.

Mr. Lynch has been in the casualty business 15 years, most recently as supervisor of workmen's compensation and general liability underwriting for Home Indemnity. Previously, he was with Zurich in a similar capacity.

WHERE TO PLACE YOUR BUSINESS

A guide or directory of responsible and adequately equipped local agents. These offices have nation-wide facilities for handling your out-of-state business.

BURGLARY, HOLDUP, AUTO PHYSICAL DAMAGE, Beauty Parlor Liability, Physicians, Dentists, Malpractice Liability, OL&T, Agents Contingent Commission Insurance, and Auto Medical Expense Coverage for Assigned Risks Anywhere in U.S.A. Surplus Line Basis. Quick Quotations. Phone or Write

ALLIANCE ASSURANCE AGENCY
327 S. LaSalle, Chicago 4, Ill.
Harrison 7-0438

CRITCHELL-MILLER INSURANCE AGENCY
Established 1868
Insurance Exchange Building
CHICAGO

Moore, Case, Lyman & Hubbard
General Agents
175 W. JACKSON BLVD.
CHICAGO
WAbash 2-0400

Chris Schroeder & Son, Inc.
210 E. Michigan St., MILWAUKEE
Engineering Services—All Lines
The largest insurance agency in the State of Wisconsin

SOUTHEASTERN SURPLUS UNDERWRITERS, INC.
Professional Plaza Bldg. P.O. Box 3084
Savannah, Ga. Phone EL 4-1320
Cable "SOGA" TWX SV 4051
1393 Peachtree St., N.E. Atlanta, Ga.
Phone 876-3781 TWX—AT 558

Ark. Agents Adopt Statement Of Principles

(CONTINUED FROM PAGE 9)

principles embodied in the statement with the Arkansas department, the management and governing body of the Arkansas bureau, its members and subscribers. The resolution also charged the association's interim legislative committee to conduct a continuing study of the state's laws for possible recommendations of amendments necessary to accomplish the objectives set forth.

George Frazer, Hope, president of the association, presented the statement of principles before what one observer described as a "surprisingly large turnout" of agents and company men. Mr. Frazer said that despite company pleas for no prior approval, he is convinced that effective state regulation of the business is in the best interest of insured.

In the past two years, he said, the repeated charge has been that there isn't enough competition or experimentation. "In deviations, independent filings, and even in some rating organization filings, the tendency to judgment rating and catch-all competition seems to be the dominating influence which shapes the thinking of a large segment of the company ranks. Whatever the motivation, we have seen the spectacle of filings being made on behalf of companies whose executive heads frankly admit no hope of underwriting gain. As agents, we are admonished to submit the impossible—the guaranteed loss-free risk."

Guest at the luncheon at which the statement was presented were Harvey G. Combs, Arkansas commissioner, and Glen Sawyer, assistant commissioner and department counsel. The commissioner expressed concern over a diminishing market in Arkansas for dwellings under $5,000.

Revises Procedural Changes

E. S. Pavy, manager Arkansas bureau, reviewed some of the procedural changes being inaugurated in several bureau departments. A study is under way of different fire rating classifications with a view to reducing those where "there may be fat in the rate." He stressed the need for rate relief of some kind in the low valued dwelling class, and said that a loss constant approach to the problem is under study.

Mr. Pavy recommended adoption of an agent-of-record letter system for the bureau's rating files. Such a system, he pointed out, eliminates sniping but does not eliminate competition.

The association's executive committee acted on a long agenda of business and heard reports from the chairmen of several of its key working committees. Robert Patrick, Jonesboro, chairman of the agents qualification committee, urged restudy of examination questions used by the Arkansas department with a view to up-dating them. He said that his committee would propose amendments to the state's agent licensing law.

Cecil Cleavenger, Fort Smith, casualty committee chairman, reported that agents' commissions on workmen's compensation assigned risks may be in the offing after a 10-year effort by the association. Peter Gardner, Springdale, advertising committee, outlined plans for the 1962 Big I ad campaign.

The possibility of a buy-back deductible as an alternative to the bureau's mandatory $50 windstorm and hail deductible provoked considerable discussion both from the committee and from the floor. Several present cited competition from non-bureau companies writing full cover in some section of the state.

Lawrence Dirby, Warren, state national director, presented a run-down on NAIA affairs. Robert Davidson, Jonesboro, chairman of the interim legislative committee, after reviewing national and state legislative developments, urged positive action by local boards and agency groups to contact senators and representatives through off-year dinner meetings.

An innovation at this year's meeting was a workshop at which local boards discussed their organization and operation. Over half of the association's local boards were present as Mr. Frazer opened the session with the observation that "the continued influence and strength of the state association in the days ahead depends upon active, effective local agency organizations throughout Arkansas." He introduced the association's new manual for local boards, a guidebook for exchange officers in program planning, conducting meetings and undertaking legislative and public relations projects.

Subjects covered during the workshop included formation of bi-county associations; placing of public business, territorial jurisdiction of local boards, use of the agents' news service of Insurance Information Institute, establishment of a good relationship with state senators and representatives, and the organization of local educational programs.

One of a series of great mutual efforts:

IT'S MUTUAL *(Northwestern, that is)*

The exploring captains Lewis and Clark, and their Shoshone guide Sacajawea, stepped out into new territory and blazed a trail by mutual effort. It still works. You'll find easier going in your territory when you have the combination of Northwestern's package policies and proven savings to go along with your personal service. Perhaps Northwestern can guide the way—to mutual advantage.

Why not explore the benefits of an agency agreement? Write Northwestern today.

NORTHWESTERN
MUTUAL INSURANCE COMPANY
• HOME OFFICE • SEATTLE • WASHINGTON •

FIRE • CASUALTY • AUTOMOBILE • INLAND MARINE

Hagensick Discusses Substandard Fire Loss Adjusting

(CONTINUED FROM PAGE 5)

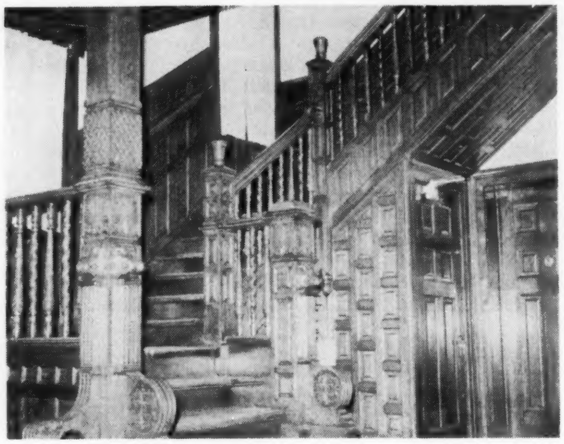
public adjuster, it is not unusual for the adjuster on a substandard fire loss to determine and agree on the value of the building before checking the detailed repair estimate. This is rarely done by itemizing the labor and material cost because in most metropolitan areas a rate of value per cubic foot on different types of buildings has been formulated and is recognized by both parties.

Determine Value First

It is advantageous to determine the value of the building first and thereby obtain the criterion of depreciation to apply on the repair estimate. There is always the veiled implication that if the depreciation on the loss is unacceptable to the public adjuster, then it will be necessary to re-evaluate the cost of the building.

The coinsurance clause therefore becomes a leverage factor in the adjustment of a loss. If the claim is presented in astronomical amounts, then the adjuster determines the value of the building on this same basis and the coinsurance penalty will bring the true claim into its proper perspective.

All property eventually outlives its usefulness, as its construction, type and location may no longer be satisfactory for the use it was intended. This obsolescence is a real factor in lessening of the equitable amount of the loss. At the present time the courts in most jurisdictions will allow a deduction for obsolescence in a loss if it appears warranted by the facts of the case. This factor of loss adjustment is magnified in substandard fire losses because of the age of the buildings insured. As the architectural styles have changed, it is not unusual to find certain aspects of a building to be obsolete. Exterior ornamentation such as animals in bas relief, stained glass windows and marble bathrooms generally fall in this category of obsolescence in substandard risks. It is not denied that these objects of art have an asthetic value or even a functional value; however, it would be immediately recognized that they would be out of place or obsolete when found in a building originally constructed for a single family but now converted into a six family apartment.



Public adjusters or fire contractors in this field generally recognize these obsolete features and do not include them in their repair estimate but make suitable substitutions. An example is to list window glass for stained glass windows.

Again, if the insured or his representatives questions the propriety of any deduction for obsolescence, the adjuster can use the leverage factor of the coinsurance clause. The cost of the stained glass windows, marble bathrooms, ornate hardwood stairways, etc., are added to the value of the building. A valuation method using a cubic foot basis was previously referred to. It should be noted that this valuation was for certain types of buildings and does not contemplate the inclusion of the obsolete features just discussed.

Illustration Of Obsolescence

An interesting illustration of obsolescence can be portrayed by describing a rooming house on the south side of Chicago. It is in a neighborhood of former mansions that were built by railroad barons, department store tycoons and other prominent Chicago families. In the late 1920s these families migrated to the north shore suburbs and the neighborhood gained a different type of occupant. These less affluent owners could not afford the tremendous expense of maintaining residences of this nature so the buildings were either torn down or converted into apartment flats or rooming houses.

The building in question is of rock-cut granite construction and was built at the turn of the century for a reputed $150,000. The upper floors have been converted into eight apartments. But the first floor is presently vacant and preserved in its original splendor. The library walls are a symmetry of moulded walnut paneling with hand-carved base drawers. The billiard room is of this similar construction. The dining room has a built-in magogany buffet embellished with ornamentation such as fluted spindles, carved capitols, turned base, etc. The polished walnut staircase from the first to sec-

We invite inquiries on....

umbrella coverage

CITIZENS CASUALTY COMPANY OF NEW YORK

HOME OFFICE • 33 MAIDEN LANE • NEW YORK 38, N.Y.

CITIZENS CASUALTY COMPANY OF NEW YORK IS LICENSED IN 49 STATES, DISTRICT OF COLUMBIA, AND PUERTO RICO

ond floor is a work of art. The newels and balusters are hand hewn in designs reminiscent of an opulent era. Estimates to duplicate this staircase, if craftsmen could be found, have exceeded $10,000. The kitchen sink and pantry shelves are of marble. The hardware throughout the building is of bronze and could only be duplicated by making a pattern and having it cast at a foundry.

The present insured recently had the building appraised by a savings and loan association for mortage purposes. The appraisal service figured a value of $45,000; consequently, insured have insurance of $35,000 and the policies have an 80% coinsurance clause. To adjust a loss on a building of this nature, the adjuster would have to negotiate the settlement of the claim by balancing the value against the estimate to repair the damage.

—

No Immediate Changes In Md. Insurance Law

The Maryland governor's commission, appointed to revise insurance laws, will not seek enactment of insurance legislation in the 1962 session of the general assembly. The unit will recommend extensive review of a proposed code which it has designed to update existing laws and strengthen regulation. The last revision was in 1922.

The state insurance department has already prepared a series of recommended changes in the proposed code. The code and the department's suggestions will be available to the public after Jan. 1, 1962. If the commission's suggested course of action is followed, a committee of the legislature and the commission will hold extensive public hearings in 1962. Legislative hearings scheduled for Nov. 28-29 were canceled.

—

Ohio Farmers Appoints

Ohio Farmers has appointed John B. McKee assistant manager for its northeast Ohio territory. He succeeds Max B. Elder who has been named manager at Fort Wayne, Ind.

Mr. McKee joined Ohio Farmers in 1953 and worked in the casualty underwriting department until his appointment as a field representative in the northeast Ohio territory in 1956.

—

Maryland Casualty has moved its Memphis office to a new $200,000 building at 17 South Claybrook. It almost doubles the former headquarters space at 27 South Cleveland. More than 300 guests attended formal opening ceremonies of the new building.

NAIB Formally Adopts Its Own Insignia

An emblem to identify independent insurance brokers has been officially

adopted by National Assn. of Insurance Brokers. Formally approved at a meeting of the governing committee in New York, the insignia may be used by members of NAIB or of its affiliated state and local broker associations.

The new emblem consists of a banner and a globe with the words, "Professional Insurance BROKERS Represent You." The slogan was chosen to stress the professional status of brokers and the fact that they represent only the insured. The globe is indicative of the worldwide activities of American insurance brokers.

A leader in the move to develop the new emblem was Lloyd M. Kahn, San Francisco, a former president of the national association and a present NAIB director who headed a committee which originally proposed its adoption last spring. The firm of Kirschner & Co., Palo Alto, Cal., was chosen to design the emblem. An agency specializing in insurance advertising, the Kirschner organization also designed the "Big I" insignia of National Assn. of Insurance Agents. In addition to use by brokers in their individual advertising, it is anticipated the emblem will also be brought to the attention of the public in advertising of companies operating under the American agency system.

—

Zurich Names Lind

Zurich has named Arthur E. Lind supervising underwriter at Boston. Mr. Lind has 11 years' experience in the underwriting field, eight years with Massachusetts Bonding and three years with Springfield Ins. Co.

—

Louisiana Safety Conference in New Orleans Dec. 10-12 will have on the program, among others, Philip Reidnauer Jr., supervisor of the engineering and audit division of New Amsterdam Casualty at New Orleans, who will discuss insurance for forest products industries; J. Kenneth Sadler, manager of Chubb & Son at New Orleans, the underwriter's safety responsibility; and Allen L. Smith, manager Louisiana Assn. of Insurance Agents, who is on a panel on driver education for all.

—

Kueter, Haigh & Gardner of Chicago, independent adjusters, has moved to 111 West Jackson Boulevard there. The phone number remains the same, HArrison 7-2973.

Stuyvesant Results Improved At Sept. 30

Stuyvesant had written premiums of $32,869,132 for the first nine months of 1961 compared with $27,356,823 for the same period in 1960. Earned premiums were up to $15,486,214 from $13,769,476.

The loss ratio declined from 55.3 in the first three quarters of 1960 to 52.5 this year.

—

Central National of Omaha is moving to 700 South 72nd Street.

Shat-R-Proof GUARANTEED AUTO GLASS SERVICE

another expert installation!

Authorized SHAT-R-PROOF Dealers just have a knack for quality auto glass installations. That's because they're auto glass experts replacing with top quality SHAT-R-PROOF Laminated Safety Glass. That's why it's good business for you to specify your **Authorized** SHAT-R-PROOF Dealer for **all** your auto glass replacement claims.

USE THESE "GUIDES" TO FIND HIM FAST

Shat-R-Proof GUARANTEED AUTO GLASS SERVICE

BEST place to REPLACE

NOTICE: NEW, 1961 NATIONAL DIRECTORY OF AUTHORIZED SHAT-R-PROOF DEALERS NOW AVAILABLE. MAIL THIS COUPON TODAY!

☐ Send me, 1961 Edition V, National Directory of Authorized SHAT-R-PROOF Dealers.

☐ Send me information on SHAT-R-PROOF movies and speakers, now available for insurance meetings and conventions.

NU-4-D

NAME__________

ADDRESS__________

CITY & STATE__________

SHATTERPROOF GLASS CORPORATION
4815 CABOT AVENUE • DETROIT 10, MICHIGAN

Providing Complete
Aviation Insurance
for Personal, Pleasure and Business Aircraft — Aviation Managers for a Substantial Group of Stock Companies

INTERNATIONAL AVIATION UNDERWRITERS, Inc.
Home Office: DALLAS

DALLAS 1, TEXAS
211 N. Ervay Building RI 1-3171
LOS ANGELES 5, CALIFORNIA
2975 Wilshire Blvd. DU 1-1385
SAN FRANCISCO 4, CALIFORNIA
Russ Building YU 2-9066

Nationwide Aviation Financing as well as Insurance

NOW AVAILABLE THROUGH

AMERICO

To fill a long-existing need in the General Aviation industry, AMERICO—the American Mercury Insurance Company, specialists in General Aviation insurance—has collaborated with the aviation trade associations and a number of dependable financial institutions to make available a nationwide program of financing and insurance. Now AMERICO can help you set up a flexible financing and insurance package covering aircraft, equipment, parts, repairs and services for any of the following:

- **INDIVIDUALS**
- **AIRPORT MANAGERS**
- **FIXED-BASE OPERATORS**
- **BUSINESS FLEETS**

Consideration given to either a Guaranteed Cost Basis or Retrospective Rating Plan.

Applications for representation in certain states are now being accepted.

For further information on this new coast-to-coast financing plan (and a copy of AMERICO's new AIRCRAFT FINANCING MANUAL), or for prompt action by a team of General Aviation insurance experts,

call **AMERICO** Collect

FEderal 7-3131 in Washington, D. C.

American Mercury Insurance Company

John F. Idler, President

2251 Wisconsin Avenue Northwest, Washington 7, D.C.

AMERICO is Rated A+ (Excellent) by Best's Insurance Reports

AMERICO carries Complete Domestic Reinsurance

EXCESS & SURPLUS LINES

Also Specialty Risks and Unusual Coverages

R. B. GUDDER, INC.

201 So. Central, Clayton 5, Mo.

PArkview 6-1432 — TWX — SL #991

Cable: Millbrook, St. Louis

Gore-Youngberg-Carlson Co., Chicago general agency, held open house recently in its new quarters in the La Salle-Jackson Building. Attending were, from left; Joseph M. Fern, vice-president; John J. O'Brien, executive vice-president; Frederick Gore, president; Thomas Walker, president Walker Insurance Associates, Fort Lauderdale, a Gore affiliate, and John C. Brogan, executive vice-president.

Combined Of Chicago Appoints Three At HO

Combined Chicago has appointed Earle Kneifel director of administrative services. He will continue to serve as assistant treasurer and director of Combined's construction program, including the building of new international facilities.

Herbert S. Moreland has been named manager of the claim department, succeeding Arthur F. Kruse, who retired after 14 years with Combined.

Ronald K. Holmberg has been appointed actuary for the group.

One project being supervised by Mr. Kneifel is the construction of an addition with 101,000 square feet to the Combined home office at a cost of $1,800,000 . This is scheduled to be completed in August of 1962. In the international field, Mr. Kneifel is serving as the company's representative in connection with the construction of a building in Toronto, where Combined will lease space as the principal tenant. This building is to be ready for occupancy in February.

Mr. Kneifel joined Combined in 1951. Mr. Moreland has been serving as an assistant secretary of Combined. He started with the company as a claim adjuster in 1947. In addition to Combined, Mr. Holmberg also will be actuary for Combined American of Dallas; Hearthstone of Boston, and First National Casualty of Wis. He formerly was actuarial assistant for Continental Casualty.

Phoenix Of London In Veterans' Club Meetings

Phoenix of London's Quarter Century Club chapters in New York, Boston, Chicago, San Francisco, Dallas and Philadelphia held annual dinners in November.

The New York chapter named William O. Voltz president; Douglas H. Davies vice-president; John J. Gugolz secretary, and Helen M. Davis treasurer. Named to the executive committee were William C. Harris, W. Fred Ballou and William A. Miner.

Wis. Surety Men Elect

Surety Assn. of Wisconsin at its annual meeting elected Edward Dittmer, Home Indemnity, president; Henry W. Topley Jr., New Amsterdam Casualty, vice-president, and Paul W. Wolfgram, Allied Insurance Center, secretary-treasurer. Named to the executive committee were Lawrence Brooks, America Fore Loyalty; Ralph R. Zehren, Employers Liability, and Kenneth Geminden, U.S.F.&G.

Civil War Memento Hartford Ad Feature

A stout wooden keg is being featured by Hartford Fire group in a current national advertisement. It symbolizes the confidence of a Charleston, S. C., agent in Hartford Fire.

When communications between North and South were broken by the Civil War in 1861, Augustus H. Hayden, Hartford Fire agent, wondered what to do with the proofs of fire losses of his policyholders, since it was impossible to present them to the company.

He decided to seal them in the keg and bury them in a field. Nearly five years later, when hostilities ended, he dug up the keg and mailed the papers to Hartford Fire, which paid the claims in full.

Illustration for the display, to appear in color in Life, Look, and National Geographic, was done by the Chinese-American artist Fred Eng, who painted collage of the keg surrounded by several Civil War mementos.

Cameron To Louisiana

Hartford Accident has appointed William A. Cameron special agent at Shreveport, La. He joined the company in 1957 as a casualty underwriter at Dallas. He was promoted to supervising underwriter of the casualty department earlier this year.

SINCE 1894

COATS & BURCHARD COMPANY

appraisers

- Appraisals for correct insurance coverage and proof of loss
- Depreciation studies
- Property ledgers

4413 RAVENSWOOD AVENUE • CHICAGO 40, ILLINOIS

SERVICE — COAST TO COAST

Darr To Cincinnati North America Post

North America has named Myron R. Darr assistant property manager at the Cincinnati service office.

Mr. Darr joined the company in 1947 in the automobile department at Philadelphia and became an inland marine underwriter in 1948. Later that year he was appointed marine special agent in the Philadelphia metropolitan service office. Mr. Darr became marine special agent at St. Louis in 1952, at Jacksonville in 1956, and in Virginia in 1959, his most recent position.

Md. Unit To Consider Fund For State Fire Business

Gov. Tawes of Maryland—at legislative direction—has named a six man commission to study establishment of a state fund to provide for self insurance on $241 million of fire business. It has been reported that 18 members of the general assembly are agents participating in almost $12 million of fire business on state buildings.

William Goodman, Baltimore, is commission chairman. Other members are James Clark and James A. Pine, members of the legislature from Howard and Baltimore county, respectively; Roy E. Julie, Baltimore; Thomas J. Hatem, Havre DeGrace, and George F. Nesbitt, Sandy Spring.

As an alternative to the self insurance fund, critics of present disposition of fire business have proposed that large blocks of state business be placed through competitive bids.

Special Committee Will Study Tex. Health Claims

In compliance with instructions from the last Texas legislature, Sen. Reagan, chairman of the Texas legislative council, has appointed a special study committee to examine health, accident and hospitalization claims. The committee will report its findings and conclusions to the council, which in turn will make recommendations to the next session of the legislature.

Mitchell To Markel Unit

Ollie H. Mitchell Jr. has been named Dallas manager of National Claims Service, subsidiary of Markel Service. Mr. Mitchell has been in claims work 17 years. He has been with Bituminous Casualty and General Adjustment Bureau, and has been national claims manager of Members Mutual.

LB Insurance

Lin-Burn, inc.

Representing Lloyds, London and other Fine Carriers.

ONE Specialty . . . MALPRACTICE for Hospitals, Nursing Homes and Associations of Doctors and Dentists . . .

Contact Ralph Williams, Vice Pres.

Lin-Burn, Inc.

141 W. Jackson Blvd., Chicago 4, Ill.

WEbster 9-3267 TWX CG 589

Attacks Medical Care Through Social Security

If medical care through social security is put into effect, by 1970 the average worker will be paying more for social security than he now pays in federal income tax, Dr. Donald E. Wood chairman of the commission on legislation of Indiana State Medical Assn., told the November meeting of Indianapolis Health Assn.

Dr. Wood charged that the scheme offers far less than its proponents claim, in as much as it has exclusions, deductibles and maximums, and does not provide for private medical or nursing care. It will pay only those who contract with the government and will pay them at set rates.

Although the tax withheld to finance the plan is expected to be only 1% more than at present, Dr. Wood pointed out that a 1% increase in withholdings takes $2 billion dollars a year out of the economy. Further, he maintained, social security builds a public debt on which billions in interest must be paid forever.

Medical care is already big government, he said. In 1960 the government spent $6.2 billion on different phases of medical care without the social security scheme. Dr. Wood declared that there is grave doubt whether more money for medical care is needed by the elderly. He cited a survey of 71 Indiana hospitals that showed fewer than 2% of those under 65 do not pay their bills.

Cal.-Tijuana Puddles Meet

California Blue Goose held its first annual combined meeting with Tijuana, Mex., puddle at Los Angeles. Some 65 members and guests attended.

Examine Ill. Insurer

An Illinois examination of Transinc Inter-Insurance Exchange of Forest Park contains five items to which the department calls attention—that subscribers meetings should be held, that investments should be approved by an authorized body, that bonds should be amortised on a yield basis, that the loss reserves should be established to include incurred but not reported claims, and BI statutory reserves should be computed in the proper manner.

The management of the reciprocal has notified the department that attention is being given to correction of these matters, but the department states that the plan to hold a meeting of subscribers in the near future is not satisfactory, and the reciprocal is notified to inform the department on or before Dec. 1 of action taken in this regard.

Transinc has assets of $1.7 million and gross surplus of $1 million. T-I company of Forest Park is attorney in fact. This is capitalized at $1,200 with stock held equally by F. J. O'Neill, H. M. O'Neill and W. J. O'Neill. Last year, Transinc had an underwriting gain of $455,000 on earned premiums of $1.1 million, and the investment income was $47,600. Surplus was increased $26,900. The surplus according to the annual statement was $1,425,000 at the end of 1960, but after the examiners moved $336,000 into loss and schedule P BI reserves the surplus was $1,088,000.

American Mercury has declared a semi-annual dividend of five cents a share, payable Dec. 27 to holders of record Dec. 1. This will double the five cents paid in 1960.

Hard To Believe Facts About a Disability Rider

Do you know . . .

. . . that your client may buy a "Double Disability" income rider providing $20 (instead of $10) for each $1000 of face value.

. . . that the monthly income ceiling is $650, not just $250.

. . . that the waiting period is four months, not the usual six.

. . . that you may add it to level term plans as well as ordinary life and endowment.

(For the disabled term policyholder, this coverage pays the premium and a monthly income, converts to ordinary life at the end of the term period, waives the increased premium, and still pays the *full* face amount at death!)

. . . that the disabled insured receives this $20 a month per $1,000 until age 60, then $10 a month through the balance of his disability—and finally, the full face amount is paid at death on a life policy or at maturity under an endowment.

(On Endowment Life Income at 65 and Special Retirement Income at 65 plans, the $20 a month per $1,000 continues unchanged until maturity.)

Still hard to believe such a rider exists? Make us prove it—on your very next life application!

OCCIDENTAL LIFE

Insurance Company of California

Home Office: Los Angeles / Earl Clark, C.L.U., Vice President

We pay Lifetime Renewals . . . they last as long as you do!

FAST, EQUITABLE SETTLEMENTS

mean fast, easy sales

It's an axiom among knowledgeable insurance men that nothing helps sales like a good settlement record. And nothing assures uncomplicated, uncontested settlement of a claim like a clear, mutual understanding, between you and your insured, of what was covered and what was lost or damaged and to what extent, in terms of current dollars.

That's why it's so clearly to your advantage to recommend American Appraisal service to your clients. A professional, provable appraisal sets *everybody* straight, right from the start. A note to our Home Office will bring you our Clients' Service Bulletin, regularly. No obligation, of course.

THE AMERICAN APPRAISAL COMPANY®

Home Office: 525 E. Michigan St., Milwaukee 1, Wisconsin
Established 1896—World's Largest Appraisal Authority

Atlanta, Baltimore, Boston, Buffalo, Chicago, Cincinnati, Cleveland, Dallas, Detroit, Jacksonville, Kansas City, Los Angeles, New Orleans, New York, Philadelphia, Pittsburgh, St. Louis, San Francisco

also: Canadian Appraisal Company, Ltd. Montreal and Toronto, Canada

Debates Warm Up NAIC's Winter Meet

(CONTINUED FROM PAGE 20)

can't get to first base now in most states when they try to get information on filings, being either rebuffed or stalled. If a company, knowing the score, is powerless, where would an ignorant policyholder stand, he wondered. With no state remedy available, the federal court would seem to be the only answer, especially if the NAII or INA plans were adopted, he declared.

When the Gerber subcommittee met again Monday, new issues were presented. Vestal Lemmon read a long document of 31 printed pages in which he undertook to refute the six points raised by the Gerber subcommittee last June in opposition to any change in the prior approval approach to rating. He asked that the issue be reopened. At the conclusion of Mr. Lemmon's presentation, Newell G. Alford of the New York department declared with asperity that Mr. Lemmon referred to evidence and testimony, but he couldn't see that the subcommittee had ever been offered anything but arguments.

Cooper Cubbedge, president National Assn. of Insurance Agents, urged the subcommittee to continue its position against no prior approval. This is a sound position and it is in the public interest, he said. Nothing Mr. Lemmon had said showed any need for change, Mr. Cubbedge added.

The real hooker was thrown into the meeting by Mr. Berry who said he had learned by private conversation that the Gerber subcommittee would welcome further study of the prior approval issue. The National Board is willing, even eager, to provide help with whatever study might be desired, he declared. He put Mr. Gerber on the spot by asking if his understanding was correct.

Made Them Public

Mr. Gerber replied that his subcommittee by placing basic issues in its report at Philadelphia had made them public for the industry to weigh. NAIC never intended to close the door on any proposal that would be of help or value to the system of state regulation, he declared.

Advocates of no prior approval who spoke after that seemed to take it for granted that the whole issue was back on the agenda.

William A. Stringfellow of National Assn. of Mutual Insurance Agents observed that the present essentially sound and healthy status of the business testifies for the type of regulation in effect. He supported the present position of the subcommittee and of NAIA.

California Law Boosted

Mr. Dedman asserted that the strongest form of rate regulation is the no prior approval law of the California type. Since the Philadelphia meeting of NAIC it has become increasingly clear, he stated, that there is need for a new type of rating law. Growing use of surplus lines is the best evidence of this. The court decision in Texas holding that unauthorized insurance can't be taxed if it is written by an out-of-state company and the losses are adjusted out of state, if it holds up on appeal, will cause use of unauthorized insurance to snowball. The industry faces the possibility that a large share of U.S. business will become entirely free of regulation and of taxation. The commissioners can't wait until it goes, that would be too late, Mr. Dedman said. He commented that INA may have to consider entering the non-admitted field.

Robert N. Gilmore of Assn. of Casualty & Surety Companies expressed appreciation that the no prior approval matter was again current. His organization and National Board and Inland Marine Insurance Bureau had not prepared a statement of position on the Gerber report at Philadelphia, feeling the question to be closed, but such a statement is now in the works, he reported.

Ira Brander, president National Assn. of Insurance Brokers, supported continued studies as recommended by Mr. Lemmon and Mr. Berry.

The conflict of interest subcommittee, with Charles Howell of New Jersey as chairman, ran its meeting to a packed house. It was probably the largest turnout ever for an NAIC subcommittee meeting. All segments of industry were on hand; the crowd exceeded 500, with about 200 persons standing.

Annual Statement Blank

The 1961 annual statement blank will contain an interrogatory on whether the company has a plan for handling conflict of interest situations. This calls for a yes or no answer. The subcommittee has asked an industry advisory committee to determine if it would be possible to adopt an SEC type of approach to conflict of interest. W. Lee Shield of American Life Convention, chairman of the industry group, said no. The SEC rules are designed for public disclosure having to do with stock transactions and the interest of persons concerned with that stock. The insurance rules are not public, they have to do with company employes and their responsibility to the directors. But, Mr. Shield commented, insurance can be more discriminating than the broad but inflexible rules of SEC.

Mr. Shield said his committee had no recommendation for model conflict of interest rules It was felt that no model code would cover all types of companies in all states. For example, in the casualty business, an adjuster may own an interest in a garage to which he directs repair business. The question is one of internal procedure and thus is in the province of the home state commissioner, he said. The committee feels the commissioners should wait to see how best to evaluate the answers to the interrogatory.

Thomas Thacher of New York observed that SEC uses a form of disclosure of core data; it is a therapeutic measure. He said he hopes the industry committee will consider further the use of a technique of disclosure in the annual statement as a supplement to what is done at the company board level.

Notes Critical Problem

The critical problem, Mr. Shield replied, has been not to discourage responsible people from serving on insurance boards. The problem should be handled, he stated, by the directors and not by public disclosure in the statement.

Ambrose Kelly of the Factory Mutuals said his organization treats the problem by means of a resolution by the directors which includes adoption of a statement of what constitutes conflict and provides for compliance by affected employes. Much has already been accomplished by calling attention to the problem, Mr. Kelly declared.

Mr. Berry said company executives are anxious to meet this issue. Samples of all type of plans were sent to board members, but the board made no recommendation as to which to adopt. In all the insurance plans he has seen, no attempt has been made to li-

WANT ADS

Rates—$25 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 4 P.M. Friday of week before publication in Chicago office—175 W. Jackson Blvd. Individuals placing "Situation Wanted" ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER

TENNESSEE FIELD OPPORTUNITY

Highly respected Stock Company wants an experienced man to travel the State of Tennessee. Should have strong background in Automobile and Miscellaneous Liability lines. Must be aggressive and willing to work. Territory developed. Excellent starting salary with liberal employee benefits, if qualified. Send confidential resume to C-36, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

TRUCK UNDERWRITER

Wanted in home office. Prefer young man, 5 years experience. Excellent opportunity. Send resume, background and training in this field to P. G. Hansen, asst. Secretary, Tri-State Insurance Group. Box 1469, Tulsa, Okla.

SPECIAL AGENTS OR ACCOUNT EXECUTIVES

We are looking for experienced special agents and account executives to represent large company producing automobile insurance. Now considering applications for Michigan, Pennsylvania, Texas, Missouri, Florida, and Georgia. Excellent opportunity for good earnings and advancement. Send resume to C-39, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

PRODUCTION—REINSURANCE

Production manager having good reinsurance background wanted by large multiple-line stock company. Successful reinsurance experience given first consideration. Location midwest. Send brief resume to C-48, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

INSURANCE AGENCY

Western New Mexico. Annual income approx. $70,000. Profitable operation. Other corporate assets incl. fixtures & bldg., equity optional. Entire corp. $125,000.
WE MAKE VALUATION ANALYSIS
ZACK LANG—FRED McKINNIS
Agency Analysts—Agency Brokers,
Mercantile Bldg., Okla. City 2.

IOWA GENERAL AGENCY OPENING

38 year old "A" rated company with conservative underwriting but adequate limits wants General Agent for fire and allied lines for State of Iowa. Write C-37, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

ACTUARY

Good opportunity for Fellow of Casualty Actuarial Society with multiple line company. Would prefer experience in Casualty and A & H. Send resume. Write C-38, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

SAFETY ENGINEER

Some experience preferred; qualifications include Engineering degree with extreme desire to succeed. Please send brief resume or contact, Mr. Harper.
American Mutual Liability Ins. Co.,
6978 W. North Ave., Chicago 35, Ill.
NAtional 2-7373

WANTED

Underwriter with 2 to 3 years experience in Fire, Homeowners and Inland Marine business. A fine opportunity for right man living in Chicago area. Chicago branch office national stock agency company. Call WAbash 2-3600 ask for Mr. Zimmerman or. Mr. Carpenter, General Fire & Casualty Company, 309 W. Jackson Blvd., Chicago 6, Ill.

WANTED—FIELD SUPERVISOR

We have immediate opening for a qualified fieldman to supervise a portion of Michigan and Ohio. Mainly fire and allied lines, although casualty knowledge would help. F. H. Witmeyer, President, Excelsior Insurance Company of N.Y., Syracuse, N.Y.

TEXAS CONNECTION DESIRED

Dallas based stock company state agent desires connection multiple line or full line automobile company. Commission or salary plus basis. Many agents ready to follow me. Age forty-seven. Excellent reputation. References furnished. Let's confidentially exchange ideas without obligation. Write C-40, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

UNDERWRITING MANAGER

Seasoned multiple-line Underwriting Manager needed by aggressive, growing Celina Ins. Group for Northwest Ohio Branch. New building on outskirts of Cleveland. Fine *benefit* program and growth opportunity. Write R. Brewer, Personnel Dept., Celina Ins. Group, 315 S. Main, Celina, Ohio.

2 MILLION CASH AVAILABLE FOR PURCHASE OF LIFE AND/OR A & H COMPANY

Will purchase entire company or controlling interest. Completely confidential negotiations with principals only. Write C-41, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED

Young Lawyer—by Chicago law office representing fire and casualty insurance companies in litigation. Some claim department experience helpful. Confidential. Write C-44, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

AVAILABLE—BOND MANAGER OR UNDERWRITER

Over 20 years experience in Home Office, Western Dept. and Service Offices of prominent companies underwriting Fidelity, Public Official and Surety. Interested in company or agency connection. Willing to relocate. Write C-46, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

EXECUTIVE AVAILABLE

FIRE AND CASUALTY, including SURPLUS AND EXCESS LINES. Over 20 years experience in Underwriting and Production. Past experience includes setting up NEW OPERATION. Age—in 40's. CAN START JANUARY 2, 1962. Write C-45, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

CASUALTY UNDERWRITER

Underwriter wanted for large multiple-line stock company. Applicant should have surplus lines underwriting experience. Chicago area. Salary commensurate with ability. Write C-49, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

NOSKER EMPLOYMENT AGENCY

Insurance Specialists 34 Years
California Positions
Male—Female
All Lines
3055 Wilshire Blvd. Los Angeles 5

mit disclosure to a minimun, Mr. Berry said.

Moses Hubbard of the Commercial Travelers organization said his group used the suggested plan of the New York department. None of the companies was reluctant to adopt it.

Progress in developing a method for determining the catastrophe factor in EC rates was reported to the subcommittee on this subject by Kent Parker of Inter-Regional Insurance Conference. Rufus Hayes of Louisiana heads the subcommittee. Mr. Parker explained the industry has been seeking a method of incorporating catastrophe data into the EC rate making process in order to obtain a proper catastrophe loading without having catastrophe experience fall into regular experience.

Some Tentative Conclusions

The IRIC committee that has been studying this problem has come up with some tentative conclusions, Mr. Parker said. One is a definition of catastrophe which would gear it to the area of occurrence and the premium volume of that area. If the area were a state (it could be a zone), a catastrophe would be defined as an occurrence of $1 million of loss or (X) percent of the annual EC premium volume of that state, whichever was higher. Tentatively the (X) percent is 40.

While normal EC experience would be rated on a period of five or six years, catastrophe experience would be figured over 15 year periods, thus offering a more stable base. The catastrophe experience would be a loading to the regular EC rate figures on the normal five or six year experience.

Since 1952 the Factory Mutuals have been doing something similar to this, Ambrose Kelly of that organization reported. He agreed that the loading for catastrophe must be geared to premium volume, but the Factory Mutuals have been able to use larger areas than states.

Tax Problem Then?

Wouldn't there be a tax problem in a loading? Commissioner Charles Gold of North Carolina asked. Wouldn't a reserve be more advantageous?

Mr. Parker said IRIC approached the question on the basis of the existing tax situation. His proposal doesn't call for a reserve; the catastrophe factor would be a loading in the rate which over a period of time would represent the catastrophe exposure of the companies.

Mr. Kelly said the government has considered use of a catastrophe reserve. The present tax structure allows a carryover or carryback for eight years, so that it is doubtful whether the tax status of a reserve would exceed that of deductions for catastrophe loss.

J. Malmuth of the New York department asked if any zones had been determined. Mr. Parker said it has been found that whenever a zone is set up there is found to be something wrong, so the state approach is the best so far.

Frank Harwayne of New York wondered what premium would be used in indivisible premium package policies. Only EC has been worked on up to now, Mr. Parker replied, but it is felt that if a solution can be arrived at there, extension into the package field would become feasible.

Reciprocity in agent licensing and in countersignature provisions was discussed by the subcommittee on review and study of state insurance laws that is headed by Harry Smith of Delaware. Mr. Smith has taken steps in this direction in his state, and he was complimented for his efforts by C. F. J. Harrington of National Assn. of Casualty & Surety Agents, who said such action is to the point now that insurance is interstate commerce. Ira Brander of National Assn. of Insurance Brokers also endorsed efforts in this direction.

Hanson Not Optimistic

George Hanson of National Assn. of Insurance Agents was not so optimistic, however. Reciprocity on agent licensing is desirable, he admitted, but countersignature is purely a state matter and territorial differences have made achievement of progress in this area much more difficult.

Mr. Harrington noted that the Delaware law permits an out-of-state agent to sign Delaware policies provided that agent's home state has a similar law. He believes this is a good thing.

Commissioner Sam Beery of Colorado recalled that NAIC polled all states five or six years ago on uniform countersignature laws and found a wide divergence. The subcommittee handling this was discharged because it was felt no significant progress was possible.

Ambrose Kelly of the Factory Mutuals said his organization made a study about the same time as the subcommittee of NAIC and found the difference arises between the control of business in the east and the location of insured property in the west—the east wants reciprocity and the west wants the agent on the ground to look after the insured.

The subcommittee's recommendations were that the previous subcommittee's work be reviewed.

Crum & Forster Names Goodin At St. Louis

Crum & Forster group has named Robert E. Goodin a special agent at St. Louis. He will work under District Manager L. E. Benard.

Mr. Goodin served two years with a local agency at Caruthersville, Mo., and has been trained in the group's multiple line training program for field men.

Ivan S. Daugherty, attorney in the home office fidelity and surety bond claim department of Hartford Accident, has retired after 32 years with the organization.

The education committee of Insurance Distaff Executives Assn. of Chicago which just concluded its seventh annual introduction to insurance school: From left, Lolita Cromer, Leslie H. Cook; Carole DiCicco, Starkweather & Shepley; Elaine Worke, Chicago Board; Frances Hansen, Moore, Case, Lyman & Hubbard; Mildred Kirk, Hartford Fire; Carmen McNeill, Old Republic Life; Ruth Brand, Fidelity & Deposit; Marguerite Clanton, Gore-Youngberg Carlson; Ruth Roos, Edward H. Walters & Co.; Alice Von Liski, Park L. Brown; Chairman Madeleine Althouse, Insurance Information Institute, and Frances Lundh, Bowes & Co. Not pictured are the following members of the committee: Vera Chapman, Alexander & Co.; Dorothy Davies, Western Surety; Kay Eck Nowicki, Geo. F. Brown & Sons, and Ruth Hausen, Royal-Globe group.

Approximately 117 women registered for the eight evening sessions which featured a brief history of insurance, discussions on fire, auto, liability, homeowners, marine, surety, life and A&S coverages. Considerable time was allotted to explanations of insurance terms.

Specialized Placement Service for INSURANCE MEN

A specialized division of the world's largest executive agency is devoted to the Insurance Profession.

- Management
- Agency
- Financial
- Systems & Procedures
- Actuarial
- Underwriting
- Advertising & Public Relations
- Legal Claims

Our Clients: National
Our Service: Confidential—Rapid—Effective. Forward us a resume—or mail your name and home address for further information.

JAMES E. CANTWELL
Dir. of Ins.

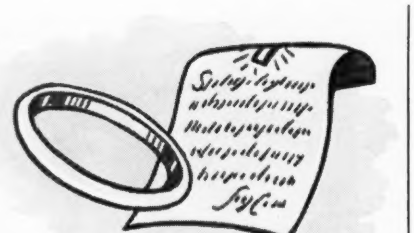
Drake Personnel, Inc.
29 E. Madison Bldg. Chicago 2, Ill.
Financial 6-8700
Employers—List Your Requirements

PROFIT

BY SMP* Both you and your clients prosper when you sell Phoenix of London's *SPECIAL MULTI-PERIL PROGRAM—you build premiums and profits; your clients reap substantial savings. ☐ The first two coverages offered under the SMP—Motel Policy and Apartment House Owners Policy—are already proving their worth as profit-makers. And there are more to come! For example, package policies for Office Buildings and Storekeepers should be available soon. ☐ Your Phoenix Fieldman can give you all the salesbuilding details. Ask him to show you how SMP can add to your prosperity.

Build your future with...
PHOENIX OF LONDON GROUP
55 Fifth Avenue New York 3, N.Y.
Phoenix Assurance Company of New York
London Guarantee & Accident Company, Ltd.
The Union Marine & General Insurance Company, Ltd.
PHOENIX
providing protection for more than seven quarter centuries

**Makes it legal . . .
but doesn't
make it work**



Love, loyalty, understanding—more than a license is needed to make a marriage sound. And it takes experience, know-how, efficient service and, we might add, generous commissions to put an insurance business on a sound, *lasting* basis. Thirty-seven years, for instance. That's how long PSM has been at it. And doing very well. Have you looked into our deviation arrangements lately?

• *Our deviation arrangement and liberal commission make Public Service insurance easier to sell.*

20% DEVIATION: General liability in all forms

15% DEVIATION: Fire and Allied Lines

10% DEVIATION: Automobile bodily injury and property damage liability; all classes.

SPECIAL DIVIDEND PAYING: Workmen's Compensation

Public Service

MUTUAL INSURANCE CO.
Home Office
10 Columbus Circle, N. Y. 19, N. Y
37 years of public service

WM. E. DANDRIDGE, Agency Supt. • Mineola, 288 Old Country Rd., Long Island, ROBERT ZMOOS, Mgr. • New Rochelle; 245 Hugenot St., WM. E. BYRNE, Mgr. • Rochester; 10 Gibbs St., W. C. VAN VECHTEN, Mgr. • Buffalo; 907 Morgan Bldg., JOSEPH MURPHY, Rep. • Syracuse; 813 State Tower Bldg., JAMES E. MacCOLLUM, Rep. • Miami; 902 S.W. Second Ave., THOMAS H. RIGGINS, Mgr. • E. Orange; 61 Lincoln St., IRVING GROVES, Mgr.

Deviations and Dividends shown for New York State; . . . for other states, write New York office.

More and more agents and insurance buyers are placing their

STAMPS OF APPROVAL OK

on **SPRINGFIELD-MONARCH**

special and highly competitive products, including

S-M Autopolicy
S-M Motel Policy
S-M Apartment Policy
Non-Cancellable and Guaranteed Continuable Health and Accident
Participating and Non-Participating Life

SPRINGFIELD-MONARCH *Insurance Companies*
Springfield, Massachusetts

SPRINGFIELD INSURANCE COMPANY, MONARCH LIFE INSURANCE COMPANY, FREEPORT INSURANCE COMPANY, THE STANDARD INSURANCE COMPANY, NEW ENGLAND INSURANCE COMPANY, SPRINGFIELD LIFE INSURANCE COMPANY, Inc., HORIZON INSURANCE COMPANY

LIFE • FIRE • HEALTH • CASUALTY

DiPucchio Advanced By American Casualty

American Casualty has named James DiPucchio regional property supervisor at Cleveland. He succeeds Charles Miller III, who was recently advanced to manager of the Cleveland branch.

Mr. DiPucchio, who has been an underwriter and special agent in Springfield, Mass., offices, will now supervise property business in territories under the branches at Cleveland, Detroit, Cincinnati, Indianapolis, Pittsburgh and Charleston, W. Va.

American Eyes Life

American is considering entry into the life business, according to H. R. Bowditch, executive vice-president. In a talk before the Cleveland Society of Security Analysts he said that no immediate action was in prospect.

Mr. Bowditch indicated that if American enters life it will probably do so by forming its own subsidiary.

Companies Paid $20,811,291 In Benefits Under N.J. Disability Insurance Plan

The New Jersey division of employment security, in its recently released summary of state disability benefits paid by approved private plans during 1960, has shown that 62 insurance companies participating in the program paid benefits totaling $20,811,291.

The companies had earned premiums of $27,345,748, which resulted in net earned premiums (earned premiums less experience refunds and credits) of $26,327,261. Benefits paid under all private plans, including the 62 insurance companies, 182 self-insured plans and 33 disability benefit funds established under agreements with unions or associations of employes, reached $31,493,552. For the 62 insurance companies, excess of net premiums earned over dividends, losses and expenses was $944,302. Total expenses were $3,371,003.

Benefits paid by the self-insurers amounted to $9,937,364 and by the 33 union and employe association funds totaled $744,897.

Boger Retires, Donnelly Is Manager Of Yacht Unit

Carlisle Boger, yacht secretary of Atlantic Mutual, has retired after more than 43 years of service. He was honored at a testimonial dinner in New York at which Irving Plitt, vice-president, was toastmaster. Mr. Boger was presented a life preserver and an AM, FM, and short wave receiver.

Willard Donnelly becomes manager of the yacht department.

Lynch Rejoins United Pacific

United Pacific group has appointed Edward T. Lynch assistant to Wesley C. Thompson, bond manager at the Portland branch office. Mr. Lynch is former employe of United Pacific, having been with the company at Seattle, Portland and Spokane from 1945 until 1952. Since that time he has been with General of Seattle and American Casualty.

Northern California chapter of **American Society of Insurance Management** will hold a dinner meeting Dec. 14 at the World Trade Club in San Francisco. The evening's topic will be package policies in property insurance.

La. Court Interprets Product Exclusions

A considerable amount of interpretation of the products liability exclusion in a general liability policy is contained in the opinion of the Louisiana appeals court in Swillie vs General Motors and others, reported in 10 CCH (Fire & Casualty) 1095. Rufus Swillie was killed when his loaded gravel truck ran through a T intersection in Catahoula parish and plunged into a ditch.

His widow sued for $80,000 for herself and two children. They argued that the accident was caused by failure of the hydraulic brake system caused by breakage of an improperly installed flare made in the brakeline to the left rear wheel. This was done while the brake system of the truck was being extended by installation of a "loadster" manufactured by Natchez Steel Products Co. That company also made the installation.

Insurer Contention

Liberty Mutual, which wrote a general liability policy for Natchez Steel Products Co., contended that the products exclusion applied. The court held that when Natchez installed the defective brake line it was not handling or selling a product but was simply performing work for which it charged $100.

The lower court had dismissed General Motors, Guice Chevrolet Co., and its insurer, Great American Indemnity, Natco Equipment Co., an affiliate of Natchez Steel Products Co., and Wagner Electric Co. as defendants. This action was upheld by the appeals court.

The appeals court did rearrange the $80,000 award as between the widow and her two children.

Purdue, IAHU, DITC To Join In Sponsoring Advanced Health Underwriting Clinic

Life Insurance Marketing Institute of Purdue University, in cooperation with International Assn. of Health Underwriters and Disability Insurance Training Council, will offer an advanced health underwriting clinic Dec. 13-15 at the university, Lafayette, Ind.

The faculty will be John B. English, regional manager Springfield Monarch at Chicago; William Harmelin, New York agent; Ralph K. Lindop, New York consultant; Robert W. Osler, president Underwriters National, and Edwin Thurman, manager of advanced underwriting Continental Assurance.

Subjects to be covered include a survey of federal taxes and their relationship to health insurance, integrated programming of life and health coverage, business uses of health insurance, disability insurance in the buy-out agreement, and programming and sales of health insurance.

Britain's First FP Week

Great Britain this year for the first time conducted a national fire prevention week. In 1959 and 1960 the fire losses there totaled £44 million, compared with annual losses of between £23 million and £27 million the previous eight years.

Fires have increased both in habitational buildings and in those housing businesses and industries. Five fires last year caused 20% of the year's total losses. Two were for £3 million each and one for £1.3 million. One reason given for big fires is the construction of large undivided areas by industry.

Omaha CPCUs Hold Their First Conferment

Omaha CPCU chapter held its first conferment luncheon and had as principal speaker Milo Bail, president University of Omaha. Mr. Bail spoke on the challenge of the 1960s.

Three designees—Roger P. Essman, Imperial Casualty & Indemnity; Richard J. O'Brien Jr., Richard J. O'Brien & Associates, and Malcom S. Trachtenbarg, H. A. Wolf Co.—received their certificates from Edwin S. Overman, dean American Institute.

HARD TO ADJUST A CLAIM

WITH SMOKE ODOR IN YOUR NOSTRILS

Use Airkem SOS at the beginning of negotiations—then proceed in odor-free atmosphere

There's every reason for *starting* your task by calling Airkem Smoke Odor Service! It helps you before, during and after adjustment.

Overnight—or in a matter of hours—you can thus remove the most insistent evidence of damage—the all-pervading, sickening odor. At once you have a favorable atmosphere for your negotiations. You are a big step ahead before you "get down to cases."

As most adjusters know by now, Airkem SOS almost invariably reduces the *amount* of the claim. And you have the satisfaction of knowing that the policy-holder, once satisfied, will *stay* satisfied—Airkem techniques prevent trapped odors, or "painted-over odors" from recurring in the future. Airkem technicians perform a *thorough* job, a *complete* job, as well as an astonishingly speedy one. This is because they work scientifically, employing formulations and techniques developed by one of the world's largest odor-research laboratories.

So start by calling Airkem SOS on the loss. Airkem can be a big help—to the policy-holder, to the agent, to the company, to *you*.

New! Sound-film, "The Nose, Friend or Foe," available for your meetings.

airkem SOS

AIRKEM
For a Healthier Environment through Modern Chemistry

AIRKEM, INC., 241 E. 44th St., New York 17, N.Y.

Christopher Cox Elected President Of N.Y. A&H Club

Christopher J. Cox, assistant secretary of North American Reassurance, has been elected president of Accident & Health Club of New York. He succeeds William B. Cornett, Prudential, who becomes chairman of the executive committee.

Other officers elected were Norman E. Walter, Guardian Life, 1st vice-president; Robert S. Schoonmaker, Equitable Society, 2nd vice-president; Charles M. Carlsson, Commercial Travelers, 3rd vice-president; Walter A. Sivek, Mutual Benefit Life, freasurer; John Kirk, American Life of New York, assistant treasurer; Harold S. Nachmann, American Casualty, secretary, and Reginald J. Berry, Metropolitan Life, assistant secretary.

Named to the executive committee were Douglas J. Moe, Colonial Life; Frederic W. Bumby, W. L. Perrin & Son; Andrew G. Borden, Metropolitan Life; William L. Kick, Aetna Fire, and Arthur W. Whalen, Bankers National Life.

Employers Of Wausau Names Schlueter V-P

Employers Mutuals of Wausau have appointed Clyde F. Schlueter vice-president in charge of the accident prevention department to succeed Fred W. Braun, retired after 36 years with the company. Mr. Schlueter joined the company in 1933. He was successively assistant chief engineer and manager of the accident prevention department.

Erickson To Tenn. Agency

Kenneth E. Erickson has joined the Gruber agency of Memphis as vice-president and manager of the expanded insurance department. Hyman Ziskind, senior vice-president, continues as outside manager of the department. Mr. Erickson has had extensive production and administrative experience with American and Fireman's Fund.

Robert N. Patchett, left, Ridgewood, N. J., agent of Aetna Casualty, congratulates his partner, John O. Grode Jr., on the latter's graduation from the sales course heldat the company's home office. Mr. Patchett, a 1949 graduate of the school, told the class that a well trained agent has 50% to 100% more likelihood of success in the business than one whose professional knowledge is even slightly less broad. He recommended keeping abreast of developments and changes by reading insurance journals. Mr. Patchett commended companies which allow agents t o settle smaller claims. This enhances an agency's reputation for prompt and fair dealing perhaps as much as any other factor.

AROUND THE CLOCK

. . . and around the world . . . our field representatives are at your service, to help you build your clientele.
ALL TYPES OF COVERAGE EXCEPT LIFE.

NEW HAMPSHIRE INSURANCE GROUP

NEW HAMPSHIRE INSURANCE COMPANY
GRANITE STATE INSURANCE COMPANY
Manchester, New Hampshire

Rated "Excellent" by Alfred M. Best Company, Inc.

• THE CENTRAL NATIONAL INSURANCE COMPANY
An agency-minded Company for professional producers offering full, multiple line facilities with unique profit-sharing plans.

• THE CENTRAL NATIONAL LIFE INSURANCE COMPANY
An aggressive, progressive facility with full Life, Accident and Health, and Group forms available on excellent, vested commission contracts.

• THE PROTECTIVE NATIONAL INSURANCE COMPANY
The modern approach for finance accounts writing a large volume of business.

WRITE:
THE CENTRAL NATIONAL INSURANCE GROUP OF OMAHA
Central National Bldg. • Omaha, Nebraska

THE CENTRAL NATIONAL INSURANCE GROUP
of OMAHA

REINSURANCE

FOLLOWING YOU

into every jurisdiction
of the United States, to
increase your scope,
capacity and security

Employers *Reinsurance*
service is complete in

MULTIPLE LINES

EMPLOYERS REINSURANCE CORPORATION

KANSAS CITY, MISSOURI
21 West 10th St.

NEW YORK	CHICAGO	SAN FRANCISCO
107 William St.	175 W. Jackson	100 Bush St.